

# EXHIBIT A

**TaxMasters**

*"We Solve Your IRS Problems."*

Phone: (281) 497-5937  
Fax: (713) 463-2900  
[www.txmstr.com](http://www.txmstr.com)

900 Town & Country Lane  
Suite 400  
Houston, Texas 77024

**CLIENT**

**TAX SERVICES**

**ENGAGEMENT AGREEMENT**

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900 Town & Country Lane

Suite 400

Houston, Texas 77024

October 20, 2008

Jeffery D. DeLong

Client Name

Address

Ukiah, CA 95482

City, State Zip

Home Phone

Mobile Phone

[pacpc@hotmail.com](mailto:pacpc@hotmail.com)

Email

This agreement, including all attached pages incorporated herein, will spell out the complete agreement and the complete terms of service between TMIRS Enterprises, Ltd. d.b.a. TaxMasters (hereinafter "Firm"), and Client Named above (hereinafter "Client"). This agreement states the minimum total retainer for the services to be provided by Firm. Installment Arrangements, if any, are outlined in the attached schedule. Client agrees that Firm may correct any addition errors discovered at a later date and adjust any installment agreements pro-rata for such addition errors. If no amount is indicated for a service description below, Client and Firm agree that, based on information available as of the date of this agreement, Client either does not appear to need the service or Client has declined that service.

### RETAINER

Settlement Analysis

(See Office in Compromise information if applicable)

\$

Wage Garnishment Release or Reduction

\$

Collection Hearing (CDP, CAP or OIC Appeal)

\$

Lien Subordination

\$

ACS Collections Case

\$

Revenue Officer or Revenue Agent

\$(RO/RA/TC)

Income Tax Returns (Form 1040)

\$ Fed(200)/ST(50)x6yrs=\$1,500.00

Years: 00,01,02,03,04,05,06

All returns must be filed before work can proceed. Assumes W-2 only, and no compilation of records.

IRS Audit, Audit Appeal, Tax Court Services

\$

Compliance Package

\$

Includes Corporate Formation, Payroll & Accounting Firm Service Referral

IRS Consultation Fee

\$ 550.00 (Trans - SP)

Installment Agreement or Uncollectible

\$ 950.00 Uncollectible

Total

\$ 3000.00

This engagement agreement including the attached pages fairly represents the agreement between the Client and Firm in all material respects. TaxMasters is Not a CPA Firm and TaxMasters is Not a Law Firm.  
TMIRS Enterprises, Ltd., d.b.a. Tax Masters

By: James Arline

10/20/2008

Date

(1)

Jeffery D. DeLong

(Printed Name)

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### Purpose of Agreement

This agreement addresses the provision of tax consulting services to Client regarding resolution of Client's Internal Revenue Service (hereinafter referred to as "IRS") problems and any known outstanding federal tax obligations that Client advises Firm exist under terms stated in the attached pages. This agreement is limited strictly to those services which Client requests in the agreement. No other services are implied or may be inferred by this agreement.

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Firm will follow such procedures, ethical responsibilities, and processes as rise to the level of tax professionals. Every reasonable effort will be made to represent the best interests of Client and maintain confidentiality of Client information in all dealings with the IRS. In no case will Firm assist Client in any actions that are or may be, in the sole opinion of Firm, a criminal, unethical, or immoral act.

### Sub Contracted Services

Client agrees that Firm may, at its sole discretion, contract other companies for any of the services which Client has retained Firm to handle. The sub-contracting company may be or may not be affiliated with Firm in some form or manner including ownership. Client agrees that Client's relationship with such sub-contracting company is limited to that of beneficiary of the relationship. No client relationship other than that of confidentiality is created in this engagement or any amendments to this engagement.

Client expressly waives any and all claims for potential monetary damages against the subcontracting company whether such claim arises from actions taken or from failure to take any action by subcontracting company on Client's behalf. Further, in the event Client shall be deemed by a competent court of law to have a right to collect damages despite this agreement, such damages shall be limited to the figure of twenty percent (20%) of the actual fees paid by Client to Firm for the service or services creating the damages.

### Acknowledgements of Client and Firm

- Client acknowledges and agrees to the following:
  - Firm represents Client and is not an agent of and has no authority over the IRS;
  - Final decision on acceptance of any negotiated settlements rests with the IRS;
  - Any and all governmental fees required for submission, review, approval, acceptance, filing, issuance of documents or such other fees as may be imposed by the governmental entities involved in Client's case remain the sole responsibility of the Client. Client's refusal to pay such fees may cause delays or the governmental entity may suspend or terminate all discussions regarding Client's case and result in additional professional fees from such a delay. Client is solely responsible for the events associated with payment or non-payment of the government's fees;
  - Timeliness in Client response to Firm is critical to success of any matters before the IRS and for any negotiated settlements - delay in response, even when such delay is out of Client's control, can result in IRS rejection of all previously accepted negotiating positions causing the process to begin again and increasing Client's cost of this process including additional professional fees for the added services:
    - **Important Note:** IRS requests frequently allow only 10 or 15 days for response. It is important that you immediately read all IRS documents and contact us to discuss it. We should receive a copy of the documents from the IRS, but it is not a certainty. As a result, it is imperative that you contact us on receipt.
- Client affirms that it enters this agreement willingly.
- Client agrees that all fees under this agreement are due Firm without regard to the success or failure of the service rendered.
- Client agrees Firm is not obligated to begin providing services to Client until all fees are paid in full. Firm may begin providing services earlier than this date at its sole discretion without waiver of this provision or future right to invoice it.
- Client agrees and acknowledges:
  - Client retains sole responsibility for the accuracy of the financial data and other information presented to IRS.
  - Firm will not audit, review, or examine the financial information - nor will Firm express any opinions or other forms of assurances on the financial or other information presented.
- Client indemnifies Firm for any omissions or errors in Client's data provided to Firm to develop the documents described in this agreement whether such omissions or errors were intentional or unintentional.
- Although the IRS will make exceptions, it is the general experience of Firm that the IRS will require that all tax returns be current and filed before the IRS will consider collection alternatives and garnishment relief. Client agrees that, in addition to payment of fees, Firm is not obligated to begin other services until all returns are complete. Should Client request and should Firm agree to begin other services before all required tax returns are complete and filed, Client is solely responsible for the failure of such efforts.

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### Services to be Rendered by Service Type

All retainer amounts assume the Client responds to all requests for documents in a timely manner. Client agrees to summarize and or compile such required information in a form to be reasonably specified by Firm or to separately compensate Firm for providing such services. No analysis, summary or compilation related services are anticipated in any services other than as specified. Client and Firm agree that the fees were determined assuming that any and all IRS and other governmental authorities will not take any adverse or unreasonable positions in pursuit of Client. All potential services are described below in the event Client should later need additional services not anticipated in the original agreement. This section is not intended to add or remove services client purchased in other sections of this agreement.

The description below is agreed by Client and Firm to fairly represent the anticipated scope of the services between the two parties:

1. **Settlement Analysis**
  - o Firm will analyze Client financial data submitted in the form requested by Firm;
  - o Firm will prepare a draft form of the IRS Form 433-A or 433-B using the Client provided financial data. Additional fees will apply if both Form 433-A and 433-B are required by IRS;
  - o Firm will recommend to Client what Firm believes in its professional judgment to be the best alternative for Client of the various IRS programs including but not limited to Offer In Compromise, Partial Pay Installment Agreement, Installment Agreement, Uncollectible status, or such other alternatives as may be now or become in the future available from the IRS.
2. **Offer In Compromise (See Disclosure Attached for Costs and Additional Terms)**
  - o Firm will prepare the IRS Form 656 for submission of an offer in compromise with the IRS of federal tax obligations;
  - o Firm will advise Client on the steps, if any, to take in response to IRS communication related to the offer in compromise submission provided Firm receives the IRS communication from either the IRS or Client;
  - o Client is required to submit data and all IRS correspondence timely, accurately, and completely to Firm;
  - o Client will advise Firm when Client receives correspondence from the IRS by submitting a copy to Firm;
  - o Client agrees to respond promptly to all inquiries from Firm;
  - o Client acknowledges that any delay in response will result in delays in resolution of Client's IRS problems and may result in additional fees. Resubmission of IRS documents and filings that result from adverse actions by the IRS or due to Client's action or failure to act timely, completely, and accurately will result in additional fees for the additional work required to either resume or restore Client's case.
3. **Reinstatement of Negotiated Settlement (See Disclosure Attached for Costs and Additional Terms)**
  - o Firm will contact the IRS to seek reinstatement of the settlement terms previously held by Client.
  - o Client assumes all liability if IRS refuses to grant a reinstatement.
  - o Should IRS require a new or updated financial disclosure such as Form 433-A, Firm will advise Client of the cost of Settlement Analysis services.
  - o Should Client reject Firm's offer of additional services or not agree and complete payment timely resulting in IRS termination of discussions or resulting expiration of Client's regulatory rights in the matter, Client agrees that all services are satisfactorily completed in this matter.
4. **Wage Garnishment Release or Reduction**
  - o Analyze client submitted financial data; obtain clarification, if needed, of any information submitted; contact the IRS via telephone once to obtain relief for which Client is eligible; negotiate amount of relief due Client with the IRS if appropriate; advise Client of the results; advise Client's employer if requested by Client.  
**Important Notes:** (1) Client's employer may or may not accept any communication from Firm regarding this matter. (2) Employer's frequently process payroll several days before the pay date - Client assumes all responsibility for timeliness of any required communication; (3) The IRS often fails to send notification of garnishment rescission to employers. Client is solely responsible for the consequences of the IRS' actions or failure to act.
  - o If the IRS refuses to follow IRS regulations or IRS manual rules and Firm is required to make additional phone calls, Client will be invoiced at the Firm's then prevailing rate for second or subsequent phone calls.
  - o Client is responsible for notifying Firm if the Client's employer does not receive the garnishment release order from the IRS. We will follow up after being notified by the Client of the IRS failure to submit the release or reduction to the Client's employer. The cost of this follow up service will be invoiced to Client at the Firm's then effective prevailing rate for such services. Payment for this service will be due before other services will commence or payments from other services will be applied to these invoices at Firm's sole discretion.

5. **Collection Hearing (CDP, LAF, or OIC Appeal)**

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- o CDP Hearing: Prepare CDP hearing request form and submit to the IRS; attend the hearing; negotiate with hearing officer on behalf of client for whatever relief may be available to the client; advise client of results of hearing.
- o CAP Hearing: Prepare CAP hearing request and submit to the IRS; attend the hearing; negotiate with hearing officer on behalf of client for whatever relief may be available to the client; advise client of results of hearing.
- o OIC Appeal: Prepare appeal notification and submit to the IRS; attend the hearing; negotiate with hearing officer on behalf of client for whatever relief may be available to the client; advise client of results of hearing.

### 6. Lien Subordination

- o Using information provided by Client, Firm will attempt to obtain a subordination of lien so that Client may proceed with whatever transaction is anticipated and that requires lien subordination.
- o Firm makes no representation or warranty as to the acceptable nature of the terms that IRS may impose in agreeing to the lien subordination.
- o Client represents that Client will provide complete disclosure to Firm of all required financial information.
- o If Release of Federal Tax Liens is the most viable option in Firm's judgment at the time, Firm will obtain release of federal tax liens from IRS personnel after resolution of the tax debt causing the lien to be filed.
- o Resolution of the tax debt is excluded from this service.

### 7. Revenue Officer or ACS Collections

- o Discussions with Client and IRS agent in the case as it progresses
- o Analysis of open items due the IRS in the case (preparation of un-filed returns, CAP or CDP appeal hearings, OIC appeals, and such other services as may be needed are at additional fees)
- o Negotiation on behalf of client with IRS agents to establish payment plans and other alternatives to payment plans. Preparation of tax returns and CAP, OIC, or CDP appeals will require additional fees.

### 8. Income Tax Returns to File

- o Assumes W-2 only type return -- maximum of 2 form W-2's. Additional charges will apply if number of W-2's is greater than 2 per tax return.
- o Additional required schedules, statements, sub schedules, worksheets, or documents that are necessary to be submitted with the tax return to ensure a complete and accurate return are at an additional fee. Fees vary -- begin at \$5.00 and increase based on complexity of the schedule or other document. Current fee schedule in force at time of preparation will apply.
- o Firm will advise Client of the fee adjustment, if any, after reviewing the final documents required to prepare the tax return completely and accurately. Firm may, at its sole discretion, begin completion of returns before advising client of any fee adjustments.
- o Assumes no compilation, sorting, or analysis of records.
- o Any re-runs of return due to omitted information, any organizing or gathering and sorting or records for Client, any unusual or required additional follow up contacts necessary to complete the return, and any other services required to prepare and gather documents to enable preparation of a complete and accurate return will be at additional cost.
- o Client agrees to provide full and complete disclosure of all information deemed relevant by Firm in preparation of the tax returns. Firm may suspend completion of tax returns until such full and complete disclosure is provided. Client is solely responsible for the effects of such a suspension should it become necessary.

### 9. IRS Audit OR IRS Audit Appeal OR Tax Court Services

#### o IRS Audit

1. Audit representation at IRS offices or in Firm offices if a field audit by IRS.
2. Consult with and advise Client on actions that should be taken to prepare records for audit.
3. Consultations with Client on results of audit visit with IRS and discussion of any actions needed based on the audit result.
4. Should IRS take an unreasonable position in Client's case or should informal appeals and research be needed for discussion with IRS audit management, additional fees will apply.

#### o IRS Audit Appeal

1. Appeal of IRS audit findings or resolution at manager level of auditor or audit manager objections.
2. Preparation of appeal documents for first level appeal.
3. Consultations with Client on results of audit appeal including discussion of any actions recommended based on the appeal results.

#### o Tax Court Services

1. Retain outside counsel to prepare and file the Tax Court petition.
2. Provide assistance to outside counsel with petition preparation as needed.
3. Attend Tax Court hearings with outside counsel as needed.



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Client agrees that Firm may substitute the above services as needed to pursue the best options on the client's audit. If more than one of the above options will apply, Client will be responsible for any additional fees. Such additional work requiring multiple services will only be done with Client's advance approval.

### 10. Bookkeeping Services

- o Prepare summarized income and expense information on an income tax basis for Client using Client's original source records.
- o Prepare depreciation schedules, if needed in Firm's opinion.
- o Reconcile bank accounts, if needed in Firm's opinion.
- o Prepare asset and liability schedules, if needed in Firm's opinion.
- o Firm is not a CPA firm and will not provide any form of opinion or transmittal letter to go with the above mentioned schedules of financial information.

### 11. Compliance Package

- o Introduce Client to an accounting company that will provide needed business accounting services
- o Introduce Client to a payroll service company
- o Client to execute separate agreement regarding services and fees with each of the payroll and accounting companies
- o Corporate Formation Services by Firm
  - 1. Prepare formation documents.
  - 2. Register corporation with state authorities.
  - 3. Obtain Federal and State Tax Identification Number from IRS if requested by Client.
  - 4. File an election to be treated as an S Corporation with the IRS if requested by Client.
  - 5. File an election to be treated as an S Corporation with the state revenue authorities if available in client's state and if requested by Client.
  - 6. Prepare corporation book of records for Client including seal if requested by Client.
  - 7. Provide all filing documents used in formation to Client.

### 12. IRS Consultation Fee

- o Transcript Consultation: prepare power of attorney form 2848 or equivalent; contact IRS by phone once; obtain IRS income and withholding information from the IRS and obtain tax filing status and tax debt information from IRS; inform client of results of this contact.
- o Report Consultations: obtain data and information from client; contact IRS once if necessary; conduct analysis of case; and prepare recommendation where appropriate of action to be taken by Client.
- o Other services as agreed in writing (SP).

### 13. Installment Agreement or Uncollectible

- o Using Settlement Analysis information, request uncollectible status with the IRS on behalf of the Client if requested by Client AND if Client qualifies according to regulations in place as of the time of the request.
  - 1. Client acknowledges that the IRS may annually review the Client's uncollectible status and may return the Client to active collections at the IRS' sole discretion and with little or no warning to Client.
  - 2. Client agrees that Firm will provide this service once. If unsuccessful or if IRS later terminates the status and returns Client to active collections, Firm has no additional obligation.
  - 3. Client agrees that if Firm is unable to obtain uncollectible status with the IRS for Client, Firm may agree to a pay plan that is based on Client's financial data as provided by Client during the Collection Alternatives analysis. If Client rejects this pay plan based on the financial data, Firm and Client agree that Firm has met its obligations to Client in this service in all material aspects.
  - 4. If Client has not purchased a Settlement Analysis, Firm is not obligated to conduct a complete financial analysis and may rely on Client providing complete and accurate information. Firm will then make one attempt at obtaining uncollectible status for Client after Firm makes a simple and cursory initial review of Client financial data provided.
- o Using Settlement Analysis information, if this additional service is purchased, request an installment agreement with the IRS on behalf of Client.
  - 1. Installment agreement may be either a partial pay agreement or a standard agreement or such other installment agreements as may now exist or, at Firm's sole discretion to include the service, such other installment arrangements as may be created in the future by the IRS.
  - 2. It is anticipated that after conducting the Settlement Analysis, Firm will contact the IRS once to establish the payment plan. Second or additional calls may result in additional fees at Firm's sole discretion.
  - 3. If Client has not purchased a Settlement Analysis, Firm is not obligated to conduct a complete financial analysis and may rely on Client providing complete and accurate information. Firm will then make one attempt at obtaining uncollectible status for Client after Firm makes a simple and cursory initial review of Client financial data provided.

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### Minimum Fees, Minimum Retainer, and Additional Fees

The MINIMUM RETAINER stated herein for professional services is the minimum fee for the service indicated. It is not a flat fee for the service. Client and Firm agree that should a stated service later be found not to be needed, Firm may, at its sole discretion, refund the amount of the stated retainer for that service if it has been paid, void the service and not collect the amount if unpaid by Client, apply the retainer to additional services needed by Client, or hold the amount of the retainer on the unneeded service as a credit against future services Client may need.

All retainer amounts assume the Client responds to all requests for documents in a timely manner and that all required tax returns of any kind required of the Client have been filed with the appropriate governmental authorities and that the governmental authorities will not take any adverse or unreasonable positions in pursuit of Client and that the IRS or other governmental entity will perform their duties with all due and reasonable professionalism. Client is solely responsible for any additional fees and costs incurred should the actual time required on Client's behalf exceed the normal budgeted amount for such services due to any of the above or for other reasons beyond Firm's control.

All fees quoted are a retainer and a minimum fee to complete that service. Additional fees will apply (1) if Client fails to fully disclose all relevant data and information; (2) if Client requests or demands regular status reports in excess of those anticipated by Firm; (3) if Client requests or requires excessive consultations (as defined by Firm at its sole discretion) either by phone or in person; (4) service requirements on Client's case exceed the norm due either to Client needs or to the requirements of the IRS or other governmental entities pursuing Client's case. The additional professional fees when applicable will be based on actual time required and the Firm's professional hourly fee rates that range from fifty to eight hundred and fifty dollars per hour depending on the type of service and the staff providing the service. Rates are subject to change without requirement of advance notice. Invoices will be presented monthly or more frequently at Firm's discretion. Invoices are due on presentation. Firm's obligation to continue to provide services is strictly contingent upon Client's payment of invoices on or before the due date on the invoice.

Client agrees that, should Client seek the assistance of any third party in this matter in the event of disagreement with Firm, all time spent in discussion with such third party shall be charged against the budgeted time purchased by Client in its retainers for services and shall reduce the time available for providing of services to Client. Client further agrees that should such an event occur, Client agrees to hold Firm harmless for any and all disclosure of Client information required to resolve such disagreement. Client agrees that Client provides his or her permission to disclose all information in Firm's files about Client to such third party without need of additional agreement to disclose and that Client waives all confidentiality expectations of Firm in such an event.

Client agrees that collection costs including reasonable attorney's fees and a monthly late fee of 1.5% or the maximum allowed by law, of the amount due may be added to any invoices unpaid after the due date or in the event Client defaults on payment of the retainers agreed herein.

### Client's Early Termination of Agreement

Client may terminate this agreement at Client's discretion by providing Client's notice in writing to Firm. In the event of termination by Client, the minimum professional fees due for services rendered or to be rendered will be the higher figure of (1) the minimum total retainer specified above and the actual fee for any other services performed - or - (2) the actual time expended by Firm at standard billing rates. If Client has paid more than the minimum fee as determined herein, a refund will be paid. Client agrees to remit any balance in full with its termination notice or to permit any remaining balance to be drafted in full using the payment method established in the installment agreement.

### Other Terms: Damages; Arbitration; Jurisdiction

Travel and other expenses, if required, are excluded and subject to prior approval of Client. Travel to local IRS offices is included in the fees provided herein.

Unless otherwise agreed in writing, the above fees and this engagement letter properly executed by Client shall be remitted to TaxMasters before Firm is obligated to provide any services described herein.

The parties agree that the obligation of Firm to render professional services to Client is expressly contingent upon full payment of fees provided under this agreement.

Headings, underlined passages, or bold lettering in this agreement are provided for ease of reference and emphasis on the passage. Client and Firm agree that no other purpose to these visual aides is intended or may be inferred.

Client agrees to conduct himself/herself in a professional manner while in Firm offices or while communicating with Firm staff, in person, by telephone, or by any electronic means. Should Client's behavior become abusive, in Firm's sole discretion, Firm retains the right to terminate the agreement without refund.



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Damages - Client agrees that damages are limited in all causes of action and in all claims that can be reasonably anticipated in this matter should Client and firm become engaged in litigation over this agreement or the services provided. In the event of litigation, Client agrees that damages sought against Firm, including attorney's fees, shall be limited to the amount of fees paid by Client pursuant to this agreement and or any validly executed subsequent supplemental engagement agreement, for all causes of action brought against Firm, should Client prevail in any and all claims or causes of action.

### Arbitration Agreement:

- Client agrees that any and all claims, demands, disputes, or controversies of any kind or nature that Client has concerning any of the negotiations leading to the purchase of the services, terms and provisions of the sale, engagement agreement, arrangements of payment, purchase of service contracts, the performance of the engagement agreement or services, or any other aspect of the services from Firm shall be settled by binding arbitration conducted pursuant to the provisions of Title 9 of the United States Code Chapter 1 et seq. and according to the Rules of the American Arbitration Association.
- Client agrees, covenants, and contracts that there shall be no class arbitration between the parties and the only parties to any disputes or controversies to be arbitrated as more particularly described herein shall be the Client and Firm.
- Either party may demand arbitration by filing with the American Arbitration Association a written demand for arbitration along with a statement of the matter in controversy. A copy of the demand for arbitration shall simultaneously be served upon the other party. The Client agrees that the arbitration proceedings to resolve all such disputes shall be conducted in Houston, Harris County, Texas. Client agrees to bear all costs of arbitration. Client agrees to keep confidential the results, decisions, and conversations and all communications in connection with the arbitration proceedings and or Arbitration Agreement. Firm may seek damages and or injunction against the Client for any violations of the confidentiality requirements set forth herein.
- Client and Firm agree that all prior contracts and agreements between the parties of any kind and executed at any time prior to the date of this agreement shall, as part of this agreement, be deemed to be modified to include and adopt the arbitration terms of this agreement and to remove the litigation provisions as if all of the prior agreements or contracts originally contained these provisions.

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### INSTALLMENT ARRANGEMENT

#### Pre-Authorized Payments by Credit Card

Credit Card Information: Visa MC Discover AMEX

I, Jeffery D. Delong, authorized user of credit card number [REDACTED] that expires [REDACTED] with card code of [REDACTED] and billing address of [REDACTED] Ukiah, CA and billing Zip code of 95482 acknowledge the transaction in the amounts specified below with the merchant whose location is Houston, Texas on the transaction dates specified below and request my bank release these funds to the merchant-processing bank in order to credit the merchant for any chargeback dispute on this item. Authorization to charge the account below for service fees is given irrevocably.

Card Number: [REDACTED] Expires: [REDACTED]  
Card Code: [REDACTED] Billing Address: [REDACTED] Ukiah, CA  
Billing Zip: 95482

Total of Services: \$ 3000.00  
Less: Down Payment \$ 3000.00 10/20/08  
Balance Due: \$ 00.00

Client may pre-pay installments without penalty at any time.

<u>Amount:</u>	<u>Due Date:</u>	<u>Amount:</u>	<u>Due Date:</u>
1. \$	-	5. \$	
2. \$	-	6. \$	
3. \$	-	7. \$	
4. \$	-	8. \$	

Installment Total: \$ 00.00  
(Should equal amount of Balance Due Above)

[Signature]  
Cardholder Signature

Jeffery D. Delong  
Cardholder Name

10/20/2008  
Date

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### INSTALLMENT ARRANGEMENT

#### Pre-Authorized Payments by Bank Draft

##### Checking Account Information:

Client Name: Jeffery D. Delong Bank Name: \_\_\_\_\_  
Bank Address: \_\_\_\_\_ Bank Phone: \_\_\_\_\_  
Routing #: \_\_\_\_\_ Checking Account #: \_\_\_\_\_

Terms: Client requests that pre-authorized checking drafts be created on the dates of the installment schedule below. Such drafts will not require signature of Client. Unless another account is indicated, Client instructs that the account used for the initial payment is the drafting account. Client is responsible for timely payment if pre-authorized check is not honored for any reason. Client requests that the above bank release the funds as requested below and waives all disputes, changes, and stop payments with above bank now or in the future. Authorization is given irrevocably. Payment amounts to change to pro-rata amount on remaining installments if supplemental billing occurs.

Total of Services: \$ 3000.00  
Less: Down Payment \$ 3000.00 10/20/08  
Balance Due: \$ 00.00

Client may pre-pay installments without penalty at any time.

	<u>Amount:</u>	<u>Due Date:</u>		<u>Amount:</u>	<u>Due Date:</u>
1.	\$	-	5.	\$	-
2.	\$	-	6.	\$	-
3.	\$	-	7.	\$	-
4.	\$	-	8.	\$	-

Installment Total: \$ 00.00  
(Should equal amount of Balance Due Above)

Accountholder Signature \_\_\_\_\_

Jeffery D. Delong  
Accountholder Name

10/20/2008  
Date

Attach Voided Check Here

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### Garnishment Disclosure

(Applicable if Garnishment Relief is a selected service)

Except for the tax returns that Firm was engaged to prepare, I/We have filed all required tax returns for tax years ended to the date of engaging Firm at least sixty (60) days prior to the date of the engagement. I/We have noted any exceptions to this statement below. If I/We have left it blank, Firm is advised that the above statement is true and complete.

Not Filled as of 60 days prior.

(Attach separate sheet if needed.)

### Offers In Compromise Disclosure

(Applicable if Client desires to submit or reinstate an Offer in Compromise)

Client agrees that the following fee will be paid to Firm at the time of submission to the IRS of the Client's Offer In Compromise IRS Form 656 or its then effective equivalent if substantially equal in service requirements (prepared only on IRS request for reinstatements). This fee is intended to pay only for the submission and management of the submission of the Offer In Compromise or to request a reinstatement of a previously approved offer in compromise. Any required financial analysis of Client financial position or appeals of IRS actions in the event this offer in compromise or reinstatement is rejected for any reason are not included in this service fee.

Fee Amount: \$ \_\_\_\_\_ (Fee is due in Money Order, Check, or Cashiers Check before submission of Offer In Compromise)

Client Signature

10/20/2008

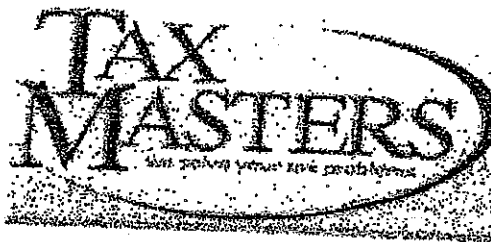
Date

Jeffery D. DeLong

Client Name

Spouse Signature

Spouse Name



## Next Process in Handling Your Case

Once again, thank you for using TaxMasters for solving you Federal and/or State Tax dilemma. Below are the next following steps and the proper way of getting information concerning on your particular case.

1. After documents have been sent to you please return the signed documents to the following fax number: **713-463-2924** or email it to **james.arline@txmstr.com**
2. Now that you have become a TaxMasters client, within the next seven (7) business days, one of our case coordinators will contact you to introduce the next steps of the process.
3. A Case Coordinator with be in contact with you at least once a month to provide a progress report.

## To Contact the Operation in Regards to Your Case:

Direct Contact Number to TaxMasters Operations Department:

**1-800-682-3679 Dial Extension #1102**  
**Your Personal Client ID # is: E3126**

This will direct you to the Operations Department cuse where one of our case coordinators can discuss your case with you if you have any questions.

Once again, thank you for using TaxMasters for solving your Tax dilemma.

**James R. Arline**

Nationwide Number: **888-497-5937 ext 3525**

**james.arline@txmstr.com**

The information in this document may include confidential and/or client privileged communications. This document is intended to be reviewed only by the individual or individuals named above. If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, use, dissemination or copying of this email and its attachments, if any, or the information contained herein is prohibited. If you have received this email in error, please immediately notify the sender by return email and delete this email from your system. Any use, publishing, copying, disseminating, forwarding or other use is prohibited as the content remains the property of the author.



Form **2848**  
(Rev. March 2004)  
Department of the Treasury  
Internal Revenue Service

# **Power of Attorney and Declaration of Representative**

▶ Type or print ▶ See the separate instructions.

OMB No. 1545-0150

For IRS Use Only  
Received by:

Name \_\_\_\_\_  
Telephone \_\_\_\_\_  
Function \_\_\_\_\_  
Date \_\_\_\_\_

## **Part I Power of Attorney**

Caution: Form 2848 will not be honored for any purpose other than representation before the IRS.  
1 Taxpayer information. Taxpayer(s) must sign and date this form on page 2, line 9.

Taxpayer name(s) and address

**Jeffery D. DeLong**  
**Ukiah, CA 95482**

Social security number(s)

Employer identification  
number

Daytime telephone number

Firm number (if applicable)

hereby appoint(s) the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address

**Lekshmy Ravindranathan**  
**900 Town & Country Ln, Ste 400**  
**Houston, TX 77024**

CAF No. **7805-93473R**

Telephone No. **281-205-0654**

Fax No. **713-465-8034**

Check if new: Address ☐

Telephone No.

Name and address

**Autry Griggs**  
**900 Town & Country Ln, Ste 400**  
**Houston, TX 77024**

CAF No. **0303-86583R**

Telephone No. **281-205-0654**

Fax No. **713-465-8034**

Check if new: Address ☐

Telephone No.

Name and address

**Teresa K. Pitre**  
**900 Town & Country Ln, Ste 400**  
**Houston, TX 77024**

CAF No. **0303-94322R**

Telephone No. **281-205-0654**

Fax No. **713-465-8034**

Check if new: Address ☐

Telephone No.

to represent the taxpayer(s) before the Internal Revenue Service for the following tax matters:

## **3 Tax matters**

Type of Tax (Income, Employment, Excise, etc.) or Civil Penalty (see the instructions for line 3)	Tax Form Number (1040, 941, 720, etc.)	Year(s) or Period(s) (see the instructions for line 3)
Income Tax	1040	1983 thru 2008
Civil Penalty	1040	1983 thru 2008

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. Specific uses not recorded on CAF. ☐

5 Acts authorized. The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The authority does not include the power to receive refund checks (see line 6 below), the power to substitute another representative, the power to sign certain returns, or the power to execute a request for disclosure of tax returns or return information to a third party. See the line 5 instructions for more information.  
Exceptions: An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. See Unenrolled Return Preparer on page 2 of the instructions. An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Circular 230. See the line 5 instructions for restrictions on tax matters partners.

List any specific additions or deletions to the acts otherwise authorized in this power of attorney: \_\_\_\_\_

6 Receipt of refund checks. If you want to authorize a representative named on line 2 to receive, BUT NOT TO ENDORSE, OR CASH refund checks, initial here \_\_\_\_\_ and list the name of that representative below.

Name of representative to receive refund check(s) ▶ \_\_\_\_\_

For Privacy Act and Paperwork Reduction Notice, see page 4 of the instructions.

Cat. No. 11880J

Form 2848 (Rev. 3-2004)

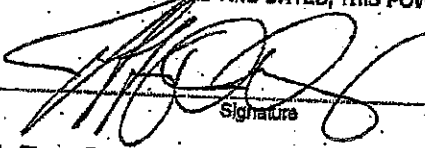
Form 2848 (Rev. 3-2004)

Page 2

- 7 Notices and communications.** Original notices and other written communications will be sent to you and a copy to the first representative listed on line 2.  
 a If you also want the second representative listed to receive a copy of notices and communications, check this box ☐  
 b If you do not want any notices or communications sent to your representative(s), check this box ☒  
**8 Retention/revocation of prior power(s) of attorney.** The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same tax matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here ☐  
**YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

**9 Signature of taxpayer(s).** If a tax matter concerns a joint return, both husband and wife must sign if joint representation is requested, otherwise, see the instructions. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

► IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED.

  
 Signature \_\_\_\_\_ Date 20 OCT 08 Title (if applicable) \_\_\_\_\_  
 Print Name Jeffery D. Delong PIN Number ☐☐☐☐☐  
 Print name of taxpayer from line 1 if other than individual \_\_\_\_\_  
 Signature \_\_\_\_\_ Date \_\_\_\_\_ Title (if applicable) \_\_\_\_\_  
 Print Name \_\_\_\_\_ PIN Number ☐☐☐☐☐

**Part II Declaration of Representative**

**Caution:** Students with a special order to represent taxpayers in Qualified Low Income Taxpayer Clinics or the Student Tax Clinic Program, see the instructions for Part II.

Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Treasury Department Circular No. 230 (31 CFR, Part 10), as amended, concerning the practice of attorneys, certified public accountants, enrolled agents, enrolled actuaries, and others;
- I am authorized to represent the taxpayer(s) identified in Part I for the tax matter(s) specified there; and
- I am one of the following:
  - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
  - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
  - c Enrolled Agent—enrolled as an agent under the requirements of Treasury Department Circular No. 230.
  - d Officer—a bona fide officer of the taxpayer's organization.
  - e Full-Time Employee—a full-time employee of the taxpayer.
  - f Family Member—a member of the taxpayer's immediate family (i.e., spouse, parent, child, brother, or sister).
  - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Service is limited by section 10.3(d) of Treasury Department Circular No. 230).
  - h Unenrolled Return Preparer—the authority to practice before the Internal Revenue Service is limited by Treasury Department Circular No. 230, section 10.7(c)(1)(vii). You must have prepared the return in question and the return must be under examination by the IRS. See Unenrolled Return Preparer on page 2 of the instructions.

► IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. See the Part II instructions.

Designation—Insert above letter (a-h)	Jurisdiction (state) or	Signature	Date
b	054560		
c	87950		
c	85969		

Form 2848 (Rev. 3-2004)

Form **8821**

(Rev. April 2004)  
Department of the Treasury  
Internal Revenue Service

# Tax Information Authorization

Do not use this form to request a copy or transcript of your tax return.  
Instead, use Form 4506 or Form 4506-T.

OMB No. 1545-0047  
For IRS Use Only

Received by:  
Name \_\_\_\_\_  
Telephone (\_\_\_\_) \_\_\_\_\_  
Facsimile (\_\_\_\_) \_\_\_\_\_  
Date \_\_\_\_/\_\_\_\_/\_\_\_\_

## 1 Taxpayer information. Taxpayer(s) must sign and date this form on line 7.

Taxpayer name(s) and address (type or print)

Jeffery D. Delong

E3128

Social security number(s)

Employer identification  
number

Ukiah, CA 95482

Daytime telephone number

Pin number (if applicable)

## 2 Appointee. If you wish to name more than one appointee, attach a list to this form.

Name and address

Nikita Nichols  
950 Town and Country Ln Ste 400  
Houston, TX 77024

CAF No. 0304-91783R

Telephone No. 281-205-0654

Fax No. 713-483-2981

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

## 3 Tax matters. The appointee is authorized to inspect and/or receive confidential tax information in any office of the IRS for the tax matters listed on this line. Do not use Form 8821 to request copies of tax returns.

(a) Type of Tax (Income, Employment, Excise, etc.) or Civil Penalty	(b) Tax Form Number (1 040, 941, 720, etc.)	(c) Year(s) or Period(s) (see the instructions for line 3)	(d) Specific Tax Matters (see instr.)
Income Tax	1040	1983 thru 2008	All Tax Matters Can Be Discussed
Civil Penalty	1040	1983 thru 2008	All Tax Matters Can Be Discussed

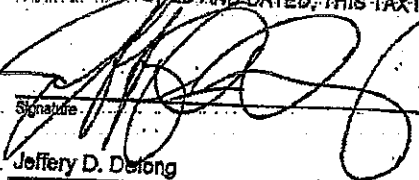
## 4 Specific use not recorded on Centralized Authorization File (CAF). If the tax information authorization is for a specific use not recorded on CAF, check this box. See the instructions on page 3. If you check this box, skip lines 5 and 6.

## 5 Disclosure of tax information (you must check a box on line 5a or 5b unless the box on line 4 is checked): a If you want copies of tax information, notices, and other written communications sent to the appointee on an ongoing basis, check this box

## b If you do not want any copies of notices or communications sent to your appointee, check this box

## 6 Retention/revocation of tax information authorizations. This tax information authorization automatically revokes all prior authorizations for the same tax matters you listed on line 3 above unless you checked the box on line 4. If you do not want to revoke a prior tax information authorization, you must attach a copy of any authorizations you want to in effect and check this box To revoke this tax information authorization, see the instructions on page 3.

## 7 Signature of taxpayer(s). If a tax matter applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute this form with respect to the tax matters/periods on line 3 above. IF NOT SIGNED AND DATED, THIS TAX INFORMATION AUTHORIZATION WILL BE RETURNED.

Signature  Date 20 OCT 08

Jeffery D. Delong

Print Name

Title (if applicable)

□□□□□

PIN number for electronic signature

Signature

Date

Print Name

Title (if applicable)

□□□□□

PIN number for electronic signature

# EXHIBIT B

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

§  
§  
§

BEFORE ME, the undersigned notary public, on this day personally appeared Denise J. Miranda who proved herself to be the person whose name is subscribed hereon through her California Drivers License which contained her photograph and signature, and who after being by me duly sworn, upon her oath deposed and said:

"On April 20, 2010 I listened to the attached audio recordings of the my conversation with persons at Taxmasters and have reviewed a transcript of that recording. Both the audio recording and the transcript are an accurate record of my conversation with persons at Taxmasters, which took place on June 18, 2009, pursuant to my call to Taxmasters at 1-888-497-5973 to seek help for a tax problem. Very shortly - within an hour or two of completing this call- I called Taxmasters because I had changed my mind and decided I wanted to wait before committing to use their services. The Taxmasters representatives that I spoke with were very uncooperative and told me my bank card had already been charged. They told me I had to contact to the billing department to cancel and gave me a phone number which did not go through to the billing department. I called back again and was told to send an email, which I did. I sent multiple emails but never received a response confirming my cancellation. When I was finally able to speak with a person in the billing department who told me that my written request for a refund would have to be reviewed by her and several other persons in the company. Four days later on June 22, 2009 my bank account was charged \$1500.00 by Taxmasters. I continued attempting to contact Taxmasters by phone and via email but never received a response to my refund request. Eventually I was able to work with my bank to reverse the charges that Taxmasters had placed against my account. I never received any services from Taxmasters, and tried to cancel the same day I signed up, but Taxmasters was unwilling to return my money to me.

"Further affiant sayeth not."

  
Denise Miranda

SUBSCRIBED AND SWORN TO before me on the 20th day of April, 2010 by DENISE MIRANDA

*who proved to me on basis of satisfactory evidence to be the person who appeared before me*



  
Notary Public in and for the State of California



\*\*\*\*\*  
TRANSCRIPTION OF SALES CALL  
BETWEEN TAXMASTERS, INC. AND DENISE MIRANDA  
ON JUNE 18, 2009  
\*\*\*\*\*

TRANSCRIBED BY: JANE DEMARS  
Job No. 85268



**ORIGINAL**

**Sunbelt Reporting & Litigation Services**

**DALLAS/FORT WORTH**  
13150 Preston, Ste. 300  
Dallas, Texas 75240  
214-747-0700

**CORPORATE OFFICE**  
6575 West Loop South, Ste. 500  
Houston / Ellington, Texas 77061  
713-067-0700

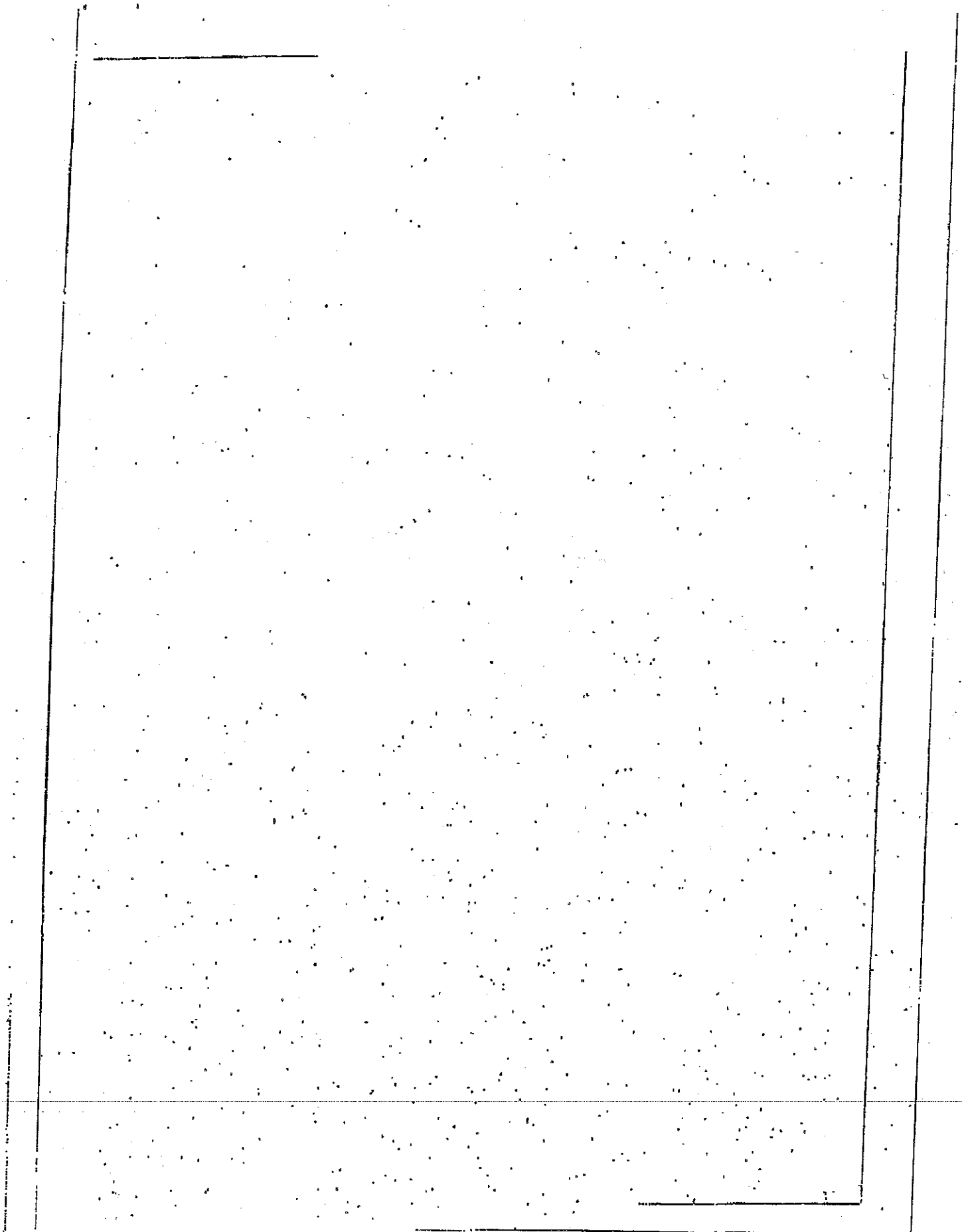
**SAN ANTONIO**  
8008 IES-10 West, Ste. 1900  
San Antonio, Texas 78230  
210-542-0700

**CORPUS CHRISTI**  
715 N. Chesapeake, Ste. 200  
Corpus Christi, Texas 78402  
361-632-0700

**AUSTIN**  
1016 L. Patena De, Ste. 204  
Austin, Texas 78702  
512-455-0100

**EAST TEXAS**  
102 North College, Ste. 1014  
Tyler, Texas 75701  
936-303-3213

1-800-666-0753 • [www.sunbeltreporting.com](http://www.sunbeltreporting.com)



2

1 UNIDENTIFIED FEMALE: Thank you for  
2 calling Taxmasters. If you are already a client, please  
3 press five to be connected to client services.  
4 Otherwise, please hold while we connect you with the  
5 next available tax consultant. All calls may be  
6 monitored or recorded for quality assurance.

7 JD: Thank you for calling Taxmasters.  
8 This is JD speaking. May I ask who I'm speaking with?

9 DENISE MIRANDA: Hi, JD. My name is  
10 Denise.

11 JD: Hey, Denise. How you doing?

12 DENISE MIRANDA: I'm, I'm not doing too  
13 well.

14 JD: Uh-oh. Tell me what's going on so I  
15 can --

16 DENISE MIRANDA: Um.

17 JD: -- see if I can help you out.

18 DENISE MIRANDA: This is my first audit.  
19 I was contacted in May --

20 JD: Okay.

21 DENISE MIRANDA: -- via letter.

22 JD: Okay.

23 DENISE MIRANDA: Mail letter and I had my  
24 first appointment with the auditor yesterday, and it  
25 lasted a whole entire day, and I can't do, I don't think

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3

1 I can do this by representing myself. It's just way too  
2 complicated.

3 JD: Okay.

4 DENISE MIRANDA: And I think, I think  
5 there's a lot of unfair things going on, but I'm not too  
6 sure, you know, because I don't know.

7 JD: That's exactly why they like you to  
8 represent yourself because you don't know.

9 DENISE MIRANDA: Yeah.

10 JD: And that's okay. That's okay. You  
11 know, we've got tax attorneys that went to school for  
12 seven years to learn everything that needs to be known,  
13 and they still learn something new every day. So --

14 DENISE MIRANDA: Yeah.

15 JD: -- don't feel alone.

16 DENISE MIRANDA: Okay.

17 JD: All right. So tell me, let's talk  
18 about the audit and let's talk --

19 DENISE MIRANDA: Okay.

20 JD: Well, let's first, let's talk about  
21 the reason for the audit. There's always typically  
22 usually a reason for the audit. What do you think --

23 DENISE MIRANDA: He wouldn't --

24 JD: What --

25 DENISE MIRANDA: He wouldn't give me a

**Sunbelt Reporting & Litigation Services**

Houston Austin Corpus Christi Dallas/Fort Worth East Texas San Antonio Bryan/Collage Station

4

1 direct answer why. Everything that we kind of went  
2 over, he -- it didn't seem like there was anything wrong  
3 with it. He did say something that I didn't file, I had  
4 a CD account with Washington Mutual --

5 JD: Uh-huh.

6 DENISE MIRANDA: -- which collected \$400  
7 interest --

8 JD: Uh-huh.

9 DENISE MIRANDA: -- and that's something  
10 I didn't, I don't remember filing, so I think it could  
11 have, that was probably the red flag.

12 JD: Okay.

13 DENISE MIRANDA: Other than that, we went  
14 over everything and everything was fine until he opened  
15 my, my bank statements of my personal checking account.  
16 He added up all of the withdrawals and all of the  
17 deposits. Some of those withdrawals were, were cash --  
18 I mean not withdrawals, the deposits were cash, and he  
19 said that those, the IRS sees all of those as revenue,  
20 because I also have a side business. So he said that  
21 those, I was supposed to claim that for my side  
22 business, which it wasn't, because it was all -- a lot  
23 of that is personal with like my mom helping me with  
24 rent. Some of it were birthday gifts. Some of it, I  
25 know some of it must have even been from a student loan.



5

1 JD: Uh-huh.

2 DENISE MIRANDA: So I asked him, you  
3 know, if there's any way I could prove it, and he said  
4 to get bank deposits. Well, the bank deposits don't  
5 show what exactly the income is from. It just shows  
6 cash deposits.

7 JD: Uh-huh, uh-huh, uh-huh.

8 DENISE MIRANDA: So he's, he added it up  
9 and it was \$1,100, and I'm getting penalized on that,  
10 and he wants to have another meeting to go through my  
11 other bank statements from '06 and '08.

12 JD: Okay. So, so '06, '07 and '08 are  
13 the three years that he's trying to audit you for, then.

14 DENISE MIRANDA: Right.

15 JD: Okay. Okay. All right. Here's,  
16 here's what needs to happen. Okay. I think you've got  
17 a, a firm understanding that audits are guilty until  
18 proven innocent.

19 DENISE MIRANDA: Uh-huh.

20 JD: And then, and I think you understand  
21 the need for representation.

22 DENISE MIRANDA: Yes.

23 JD: Okay. Now, if you're being audited  
24 for three years, which is the typical time frame that  
25 they audit you for, so we need to say it's '06 to '08.

6

1 Okay? Okay. Now, have, do you have any idea of what  
2 the fallout's going to be yet?

3 DENISE MIRANDA: No idea. He's not  
4 giving me any type of lead for that at all, even when I  
5 asked. He's like, (inaudible) this attorney thing, he's  
6 just trying to go through every single little thing, so.

7 JD: Was he asking a bunch of odd  
8 questions?

9 DENISE MIRANDA: What do you mean by odd?  
10 I mean he asked so many questions. I --

11 JD: Generic, generic questions, and then  
12 you answer and he goes uh-huh uh-huh uh-huh, and he  
13 writes it down on his pad.

14 DENISE MIRANDA: Yes. That, that was the  
15 whole audit, how the entire audit was.

16 JD: Okay. What happens there is is --  
17 And these guys are trained professionals. Okay? What  
18 they do is is they, they try to ask you a bunch of  
19 generic questions and based on your answers is whether  
20 or not they can deny any of your claims that you've made  
21 on your return, and then what they do is they go back  
22 and remove those deductions, charge you for what you  
23 were paid on them, plus interest and penalties. So  
24 typically, for one year of -- And they only audit you,  
25 okay, I don't give a crap what they say, they always say

7

1 oh, it's random.

2 DENISE MIRANDA: Yeah.

3 JD: Bull. It's not random. Okay?

4 They, they select you based on the amount of money they  
5 think they can get from you.

6 DENISE MIRANDA: Got it.

7 JD: So if they've already identified  
8 somewhere in the three years of returns, then they're  
9 not going to waste their time on, you know, a couple  
10 thousand dollars. They're going to waste their time on  
11 20, 30, \$40,000.

12 DENISE MIRANDA: Yeah.

13 JD: Okay.

14 DENISE MIRANDA: It's -- Yeah. See, the  
15 thing is I've been filing for a family with me and my  
16 fiance, and I, I have a CD account that has quite a good  
17 amount, and, and I know, you know, what scared me is  
18 that he can seize all of that.

19 JD: Yeah, he can.

20 DENISE MIRANDA: He can seize all of it.

21 JD: Yes, ma'am.

22 DENISE MIRANDA: Which I'm really afraid  
23 of, because I, I just really got pregnant and it took so  
24 long for that to happen, you know so --

25 JD: Right. Well, congratulations.

1 DENISE MIRANDA: Thank you.

2 JD: You're welcome, you're welcome.

3 I'm, I'm a proud pappa of a two-year-old.

4 DENISE MIRANDA: Oh, congratulations to  
5 you.

6 JD: Thank you. Thank you.

7 DENISE MIRANDA: Yeah.

8 JD: Okay. This is definitely something  
9 we can help you out with. One of our, in fact our main  
10 audit attorney, his name is Clyde Miller, you'll be,  
11 you'll be glad to know he's never lost a case. So what  
12 happens in an audit is you just need somebody that has  
13 the backbone to stand up to the IRS, and that has the  
14 ability to back up all of your, all of your claims and  
15 all of your deductions to the hilt. Okay? The  
16 beautiful thing about tax attorneys is, a lot of people  
17 think, you know, they, they can file your taxes and this  
18 and that, they're, yeah, they're great with tax  
19 problems, but they're also great when it comes to audit  
20 because they know the, the rule book better than most  
21 IRS agents. What we try to find is where the IRS agent  
22 has taken shortcuts and, you know, did not allow things  
23 that they should have allowed and everything else.

24 Now, here's my fear: Okay? And this is,  
25 this is a pretty standard fear whenever you get this far

9

1 is how much information have you given him and is it  
2 damaging to your case.

3 DENISE MIRANDA: We went through the, the  
4 most part of it was an interview session --

5 JD: Uh-huh.

6 DENISE MIRANDA: -- which lasted a few  
7 hours where he asked me about my side business, which is  
8 a really small business. I don't even make any money.  
9 I'm a personal trainer, and I do boot camps on the side.

10 JD: Okay.

11 DENISE MIRANDA: Yeah, and I, I had  
12 claimed my equipment, my apparel and park permits, you  
13 know, things I had to buy to put on these boot camps.

14 JD: All right.

15 DENISE MIRANDA: And it, I took a loss  
16 because I didn't make any money off of them. I was  
17 doing a lot of promotional things, trying to promote my  
18 business, trying to get it up off, off of its feet, you  
19 know, on to its feet.

20 JD: All right.

21 DENISE MIRANDA: And there's also, you  
22 know, the, the travel, the cost of travel to get  
23 certifications in order to train people and to be out  
24 there, you know, giving instruction on exercise.

25 JD: Right.

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Houston Austin Corpus Christi Dallas/Fort Worth East Texas San Antonio Bryan/Collago Station



1 DENISE MIRANDA: So that was pretty much  
2 the whole part of it, and other than that, I, I can't  
3 think of anything would would be detrimental to the  
4 whole case, that I -- you know.

5 JD: Okay. Any time, any time, you know,  
6 and we tell all of our clients in any matter, whether it  
7 be an audit or just plain old, you know, somebody needs  
8 a negotiation, to stop any contact with the IRS. Now,  
9 I'm not telling you to, to avoid meetings with them,  
10 just simply because, you know, if you do that, then what  
11 they're going to do is they're just going to go and, and  
12 make their own assumptions and do what they were  
13 planning on doing in the first place.

14 DENISE MIRANDA: Yeah.

15 JD: So sounds like you, you've gotten a  
16 decent handle on what's going on and that's, that's,  
17 that's half the battle for me, because a lot of times I  
18 have to spend, you know, 45 minutes to an hour  
19 explaining to people the nature of an audit. You know,  
20 most of the people that call me haven't gone to the  
21 meetings yet. They don't understand what they're in  
22 for.

23 DENISE MIRANDA: Yeah.

24 JD: Oh, no, I can take care of this. I  
25 can do this on my own. Oh, okay. Okay.

11

1 DENISE MIRANDA: Yeah, I, I really  
2 can't, only because I, you know, I, I didn't want to  
3 argue with him because I knew what he was doing, and I  
4 was like there's no way you can put this into, you know,  
5 say that this, I was making business revenue when this  
6 is my personal account. Like I, I didn't understand how  
7 I had to claim a gift from my family or like, you know,  
8 they were supporting me with my rent, too, because I was  
9 out here by myself.

10 JD: Right.

11 DENISE MIRANDA: So depositing money in  
12 my account, and he was going to penalize me for that, so  
13 it, it didn't seem right.

14 JD: Right. What do you do for a living,  
15 your, your real job?

16 DENISE MIRANDA: My real job also health  
17 fitness, so I work, I work with health-fitness and I, I  
18 do, you know, I run at corporate, at corporate sites,  
19 like for Mattell and for Toyota, I'm here and I'm taking  
20 care of their, you know, their members, their employees,  
21 so.

22 JD: Yeah. I see you're calling from a  
23 Toyota --

24 DENISE MIRANDA: Yeah.

25 JD: -- looks like a Toyota --

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1 DENISE MIRANDA: Yeah, right now.

2 JD: -- dealership?

3 DENISE MIRANDA: Right, yeah, correct.

4 JD: Okay. Okay. Well, here's, here's  
5 what it boils down to. Okay? And this is, this is  
6 what's going to make or break the case for you. Okay?  
7 To do an audit, we charge 2,000 a year.

8 DENISE MIRANDA: Okay.

9 JD: Okay? So you're looking at \$6,000  
10 to take care of the audit, and then the consultation  
11 fee, not between you and I, but between us and the  
12 IRS --

13 DENISE MIRANDA: Uh-huh.

14 JD: -- and all the communication that  
15 needs to go forth, because the IRS charges per phone  
16 call.

17 DENISE MIRANDA: Yeah.

18 JD: Okay? So you're looking at \$6,500  
19 for us to take over the case and get all this taken care  
20 of. Now, again, I stress to you that, that Clyde Miller  
21 has never lost a case. --

22 DENISE MIRANDA: Okay.

23 JD: -- and we don't typically take on  
24 cases that we know we're, that we know we can't win.

25 DENISE MIRANDA: Yeah.

13

1 JD: So just from where I'm standing, it  
2 sounds like you've done everything on the up and up.  
3 You'd be surprised at some of the losers I have calling  
4 me that have, yeah, well, I've cheated the system and  
5 now they've caught up with me and I need you guys to  
6 defend me. Well, if you cheated the system, you know, I  
7 paid my taxes, you know, I did what I was supposed to  
8 do, and I'm got going to pay for your mistake, you know,  
9 and I, if it's you've made just a bunch of ridiculous  
10 claims on your, your income taxes, I can't protect you.

11 DENISE MIRANDA: Yeah.

12 JD: So if that's, you know -- And that  
13 doesn't sound like the case here, so that's good.

14 DENISE MIRANDA: No.. I, I didn't, I know  
15 I didn't make any ridiculous claims. There, I know  
16 2007, I did make some mistakes because it was my first  
17 time claiming taxes.

18 JD: Uh-huh.

19 DENISE MIRANDA: And I didn't know what  
20 the hell I was doing and I was using Turbo Tax, which  
21 wasn't any help.

22 JD: Right.

23 DENISE MIRANDA: And I was trying to  
24 reach the deadline and get my taxes done, you know,  
25 before the deadline.

1 JD: Uh-huh, uh-huh, uh-huh.

2 DENISE MIRANDA: And so I know he found  
3 some mistakes. Like I claimed I had a renter when I,  
4 I'm, I thought it was meant that I was the renter, but  
5 the way it was worded was, you know, I didn't  
6 understand.

7 JD: Uh-huh.

8 DENISE MIRANDA: So I know that, but  
9 other than that, there was no -- I wasn't trying to go  
10 around anybody, I wasn't trying to get more money than I  
11 was supposed to or make all these weird, ridiculous  
12 claims.

13 JD: Okay. Good. If there's some  
14 fallout, you know, that's okay. Some fallout is better  
15 than, you know, going back and reversing everything  
16 you've claimed for the last three years, because that's,  
17 that's where you get in big trouble.

18 DENISE MIRANDA: Yeah, yeah, and I  
19 understand that.

20 JD: Right. And it's far easier to  
21 defend your, to defend your claims than it is to go back  
22 and try to negotiate an amount that comes from, from an  
23 audit.

24 DENISE MIRANDA: Uh-huh.

25 JD: Okay? So, and, and this, you know,

15

1 out and dry, plain and simple, the \$8,500 to, to take  
2 care of you, you know, we, we need, obviously, as, as  
3 much of that up front as possible, especially in an  
4 audit, especially in an audit case. I mean, you tell me  
5 what are you comfortable coming up with, and, and I can  
6 get creative with the rest of it.

7 DENISE MIRANDA: I can probably come up  
8 with 2,000 right now, at the most.

9 JD: Okay. All right. Let's do this  
10 here. Let me do some quick math here.

11 DENISE MIRANDA: Uh-huh.

12 JD: Not my strong suit, believe it or  
13 not. I'm great with numbers and a calculator, but when  
14 I, when I get them all rattling around in my head, I get  
15 lost.

16 DENISE MIRANDA: Yeah..

17 JD: Okay. So if we do 2,000 down, that  
18 will leave a balance of 4,500 and you know, obviously I  
19 want to get that, you know, as, as quickly as possible  
20 because audit appeals, we can get audit -- Usually what  
21 we try to do is get involved and get the audit  
22 completely thrown out.

23 DENISE MIRANDA: Yeah.

24 JD: Sometimes we can. Sometimes we  
25 can't. If we actually physically have to go through the

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16

1 audit, that's fine too. Okay? So the sooner, the  
2 sooner we get all the funds in, the better. So you --  
3 \$4,500 split up over two months, is that going to be  
4 okay for you?

5 DENISE MIRANDA: Well, what would those  
6 payments look like?

7 JD: Oh, let's see, 2,250 a month for the  
8 next two months.

9 DENISE MIRANDA: 2,250 a month? Okay.

10 JD: Okay? All right. So let's do that.  
11 And that should, that should be ample enough opportunity  
12 for us to get involved, because you can only do one year  
13 at a time so --

14 DENISE MIRANDA: Yeah. Just, just to be  
15 clear, the 2008, I don't know if he -- I know he looked  
16 at it so --

17 JD: If he --

18 DENISE MIRANDA: But he didn't --

19 JD: If he actually --

20 DENISE MIRANDA: He (inaudible) over it.

21 JD: If he asked you questions, any  
22 questions at all about 2008, then he's -- Audits always  
23 happen in threes. Usually what happens is they come  
24 after you for one year.

25 DENISE MIRANDA: Yeah.

17

1 JD: Okay? And then based on the results  
2 of that one year, then they go back. Like say, say he  
3 audits you for -- which is, which is what it sounds to  
4 me has happened, he's audited you for '07 first.

5 DENISE MIRANDA: Yes.

6 JD: Okay. Now, because he's opened up  
7 the floor for '06 and '08, that tells me that he's  
8 already got a substantial amount for 2007 that you may  
9 not be aware of, but he is, and he knows that if he can  
10 get that amount from '06 -- if he knows he can get that  
11 amount from '06, he can probably get it from '06 -- or  
12 excuse me. He knows if he can get that amount from '07,  
13 there's a good chance he can get it from '06 and '08,  
14 plus interest and penalties.

15 DENISE MIRANDA: Yeah. I, I don't think  
16 he's auditing '06, because I didn't, I didn't work in  
17 '06. There's, I made nothing, not even -- You know, I  
18 filed my taxes. I didn't, didn't make any money.

19 JD: Okay. So it's just two years then,  
20 '07 --

21 DENISE MIRANDA: I --

22 JD: --- and '08?

23 DENISE MIRANDA: I'm pretty sure it was  
24 two years, but he did look at '06; but totally skipped  
25 over it. He, he even said, oh, you don't make enough

18

1 money in '06.

2 JD: Okay. Okay. So then it's just two  
3 years. Well, that's good. Then it makes it, that will  
4 be \$4,500, then, and then with 2,000 down, that will  
5 leave \$2,500.

6 DENISE MIRANDA: Uh-huh.

7 JD: And we can split that up if you  
8 want, into two months, or we can do one month some  
9 payment, and the next month.

10 DENISE MIRANDA: Okay.

11 JD: So I mean you tell me what, in your  
12 budget, what's come, what's comfortable for you.

13 DENISE MIRANDA: What if I gave you 1,500  
14 now?

15 JD: Okay.

16 DENISE MIRANDA: Then what would it look  
17 like for my payments?

18 JD: Okay. Let's see here. That would  
19 be 3,000, so it would be 1,500 next month and the  
20 following month, or it will be 3,000 one; one lump sum.

21 DENISE MIRANDA: One lump sum.

22 JD: You want to do one lump sum? Okay.

23 DENISE MIRANDA: No, I don't want to.

24 JD: Oh, you don't?

25 DENISE MIRANDA: Yeah.

19

1 JD: Okay.

2 DENISE MIRANDA: Just right now it's kind  
3 of -- because I have all my medical stuff that I'm going  
4 through, too, that I'm paying as well, so I want to -- I  
5 mean I could pay it. I just need, like I need it to be  
6 spread up, spread up, because I don't know what --

7 JD: Okay.

8 DENISE MIRANDA: -- I --

9 JD: That's fine. I can do, I can do  
10 1,500 down and then we'll do 1,500 next month and then  
11 1,500 the month after that.

12 DENISE MIRANDA: Okay.

13 JD: Okay? Because what we're going to  
14 do is we're going to tie, we're going to tie it up in  
15 litigation as long as we can.

16 DENISE MIRANDA: Uh-huh.

17 JD: Okay. And basically all we do is we  
18 use their own rules and laws against them and make them  
19 wait, and put them on the spot, make them, you know, let  
20 them squirm a little bit, and kind of turn the table on  
21 them. That gives us enough opportunity to buy some time  
22 to get ready for any appeals that need to happen. So,  
23 so you're looking at -- Let's see. Let me start at,  
24 yeah, 4,500, and then split up over the course of the  
25 next three months with 1,500 down, or two months, three

20

1 months counting this month, so let's go ahead and get  
2 that started. Let me get some information from you.

3 DENISE MIRANDA: Okay. How do I know  
4 this is legit, first, because I don't want to get, I  
5 don't want to get, you know.

6 JD: Oh, I understand, I understand.

7 Well, first, first of all, you know, we've, we're, we've  
8 been in business for a very long time. This is a  
9 question we get sometimes. And we're endorsed by Bill  
10 O'Reilly and a lot of the big guys on, on Fox News  
11 Network and, and everyone else. You know, we've, just,  
12 you know, when you picked up the phone today and you  
13 called, you found us, so it's, you'll find us again  
14 tomorrow and the day after that. We're not going  
15 anywhere. We're not hiding. We advertise pretty  
16 heavily. We spend lots of money on advertising every  
17 month, you know, to, to put our name out there, so...  
18 Have you ever heard of, you, you know who Bill O'Reilly  
19 is?

20 DENISE MIRANDA: I'm familiar with Bill  
21 O'Reilly.

22 JD: You know who Dennis Miller is?

23 DENISE MIRANDA: Dennis Miller?

24 JD: Uh-huh.

25 DENISE MIRANDA: No.

21

1 JD: He, he is, he does some similar to  
2 Bill O'Reilly. He's on, he's on Fox News, and he also  
3 does, he has a big radio talk show. He was a football  
4 announcer for a long time, and then it didn't work out  
5 for him.

6 DENISE MIRANDA: Uh-huh. Yeah. It  
7 sounds familiar, but I'm not too sure.

8 JD: He also endorses us, personally  
9 endorses us. So that was a, that was a really huge, a  
10 monumental thing for our company is to, is to get  
11 endorsed by those guys because you know, they're big  
12 names in the political world, and they do a lot of help  
13 for, they do, they help out a lot of folks so.

14 DENISE MIRANDA: Uh-huh.

15 JD: But other than that, I mean, you  
16 know, we've been in business, like I said, been in  
17 business for a long time so.

18 DENISE MIRANDA: Okay. And how, I don't  
19 know, I just, I kind of feel like I, I need a -- I don't  
20 know. It's just like a lot of money to give out when  
21 I'm not too sure on-the first phone call.

22 JD: Uh-huh.

23 DENISE MIRANDA: But I do definitely, I  
24 know I definitely need help with this. This is a lot to  
25 take on on my own.



1 JD: Yeah. And, and rightfully,  
2 rightfully, you know, you should -- you, you are  
3 obviously, an understanding of the severity of the  
4 situation, the gravity of what's going on, so -- And in  
5 an audit, you know, time is never on your side, so I  
6 mean, we're -- You've already, you've already had one  
7 appointment with the, with the auditor and -- What is,  
8 what was the -- You said you went yesterday was the day  
9 of the audit?

10 DENISE MIRANDA: Yes.

11 JD: Okay. So you --

12 DENISE MIRANDA: All right. Yeah. He  
13 wants the, he said at least one more appointment  
14 for '07, and then he wants to go through '08 as well.

15 JD: Okay. Okay. Did he set up a time,  
16 a timetable with you?

17 DENISE MIRANDA: Yeah. It's July 1st is  
18 the next one.

19 JD: Okay.

20 DENISE MIRANDA: But he --

21 JD: 1st of July.

22 DENISE MIRANDA: You know, it's just hard  
23 because I have to go -- He made me buy bank statements  
24 for three years and that's \$5 a bank statement.

25 JD: Yeah.

23

1 DENISE MIRANDA: So I've already put a  
2 lot of money into it, like, you know, according to my  
3 budget, because I don't, you know, I don't have that  
4 much money.

5 JD: The next one is for 2007?

6 DENISE MIRANDA: They both are. The  
7 first one was, and then this will be a followup for  
8 2007.

9 JD: Okay. And then the one after that,  
10 did he set a date for the one after that?

11 DENISE MIRANDA: No.

12 JD: Okay. He will next time. 2007, and  
13 then for 2008 -- You'll probably have the same situation  
14 with 2008 as well. They'll want to, they'll want to  
15 meet with you twice for 2008, so that will probably be,  
16 I'd say mid, mid to late July.

17 DENISE MIRANDA: Okay.

18 JD: And then he'll have another one for  
19 2008 to wrap, to wrap it up. Okay. Let's see here.  
20 All right. So I'm, you tell me what do you want to do  
21 next.

22 DENISE MIRANDA: Can I just hear like  
23 some of the benefits, how this is going to help me? You  
24 know, it's just --

25 JD: Absolutely. I mean absolutely.

1 What's -- And, you know, just to kind of reiterate  
2 what's going to happen here is when we get involved, the  
3 first thing we do, obviously, is contact the IRS and you  
4 know, we give them legal documents, power of attorneys,  
5 let them know we're your representation, because, you  
6 know, you should never, you should never go into an  
7 audit alone and by yourself, and I think you've, you've  
8 gotten a firm understanding of why that is now. Then we  
9 pull your master file and find out exactly, you know,  
10 get the, get the reasoning behind the audit, because  
11 there's, there's always a reason. They don't just audit  
12 you for, for no apparent reason. They, they have  
13 ulterior motives.

14 DENISE MIRANDA: Yeah.

15 JD: Okay? So we find out, you know,  
16 what's going on. We're going to try to locate ourselves  
17 the, what they can be consider to be fishy and, and you  
18 know, identify ahead of time what we're working against.  
19 Then we start building a case, while we are putting  
20 them, you know, while we're stalling them with, you  
21 know, tying them up in litigations and everything else  
22 and buying as much time as possible. You know, we want  
23 to try to stretch this out as long as we can, because  
24 what's, what happens here is the auditor is going to get  
25 tired of waiting, and he's just going to, he'll either

25

1 drop the case and say forget about it and move on to the  
2 next person or, you know, he'll go ahead and try to  
3 follow through with it, in which case, you know, we're,  
4 we're more than welcome to invite that, bring it on, in  
5 other words. You know, we, by the time, by the time  
6 they get done with all the litigation, we'll be ready  
7 for the case and we'll have all the proof and  
8 documentation that we need, and it's at that point we  
9 pretty much just lay it down on the table and say  
10 listen, this is what it is, you know, you can scream and  
11 moan all you want to about this and that, but we have,  
12 right here in black and white, and according to tax  
13 article four, section six, you know, this is what's  
14 going on, this is the right stuff that we need. We,  
15 it's just a matter of knowing the laws and knowing what  
16 your rights are, and we do.

17 Like I told you earlier, Clyde Miller has  
18 never lost a case. We actually do more audits in one  
19 month than most firms do in a year and most tax  
20 attorneys do in a lifetime, so audits are one of our  
21 main things.

22 DENISE MIRANDA: Okay.

23 JD: So rest, rest assured, we're, we're  
24 very, we're very good at what we do and we're proud of  
25 that.

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1 DENISE MIRANDA: Do you -- I mean in the  
2 long run, you think I'd be saving money rather than, you  
3 know, paying out all this money to the IRS?

4 JD: Yeah, because here's -- It's like I  
5 said before. Here's what happens in an audit. Okay?  
6 Before they even decide to audit you, they've already  
7 identified something in your return that is going to get  
8 them a sizable amount of money back. Okay? What,  
9 what's, what has really spawned all this and let's,  
10 let's kind of take the long, the long loop around to  
11 kind of get back to where we're at is, you know, with  
12 all the corporate bailouts and everything that's been  
13 going on, you know, with buying, you know, bailing out  
14 the big three, you know, Ford, Chevy and, and Chrysler  
15 and --

16 DENISE MIRANDA: Yeah.

17 JD: -- you know, all the, the financial  
18 institutions that need bailing out, you know, they've,  
19 they're shelled out, you know, close to a trillion  
20 dollars now in, in bailout money. And what they didn't  
21 tell you was, yeah, what they -- They gave you the, the,  
22 you know, the warm fussy, you know, yeah, we're going to  
23 do this, this is going to save them, this is going to,  
24 you know, what this is going to do for America is great,  
25 blah, blah, blah, blah, blah. What they didn't tell you

27.

1 was, by the way, taxpayer, you're responsible, you know,  
2 for the amount of money that -- you're, you're  
3 responsible, you're going to wind up being responsible  
4 for, you know, whatever the outcome is, you know,  
5 whatever you wind up owing the IRS, so what, you know,  
6 whatever. So they've increased their collection  
7 activity to, you know, pursue tax evaders, and they've  
8 been looking a little bit harder at folks' tax returns.  
9 And they, what they've done is they've identified  
10 somewhere in your return where they can make money, and  
11 they can get some money back to pay for the deficit,  
12 because it's fallen on the taxpayer. Just in the last  
13 two months alone, Obama has beefed up the, the  
14 collection efforts and the collection team for the IRS  
15 by hiring, you know, 8,000 new revenue agents and  
16 collection agents and everything else. You know, first,  
17 their, their first strike is, you know, on small  
18 companies and corporate organizations. Then, then it's  
19 going to trickle down into, you know, private tax  
20 returns and everything else like that, which is, which  
21 is where you're at right now, and unfortunately, you  
22 know, once, once they get involved, there's not a whole  
23 lot that we're going to be able -- you know, all we're  
24 going to be able to do is be able to help people deal  
25 with the fallout and, you know, try to help represent

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28

1 people as much as possible, because these next couple of  
2 years are going to be pretty shaky when it comes to tax  
3 returns. So --

4 DENISE MIRANDA: Okay.

5 JD: -- just for future reference, make  
6 sure you're being careful when you do all your tax  
7 returns, because --

8 DENISE MIRANDA: Yeah.

9 JD: -- they're really starting to look  
10 hard at folks, really --

11 DENISE MIRANDA: Yeah, because I just --

12 JD: -- starting to look hard at folks.

13 DENISE MIRANDA: I just started mine for  
14 myself, because not a lot of -- You know, when I want to  
15 people to do my taxes, they didn't know about my  
16 business that I do, so they didn't know -- You know, I  
17 was -- they didn't how to file it, but --

18 JD: Uh-huh.

19 DENISE MIRANDA: -- I've done it my own.  
20 But there's other parts besides just the Schedule C that  
21 I didn't know. I, I may or may not, I don't think I've  
22 messed up on that one that much, but.

23 JD: Well, what you need to do is, what  
24 you need to do, too, in the future is you need to find  
25 yourself a good little local CPA firm to take care of

29

1 your taxes for you. And something else, too, is, you  
2 know, even if you're a sole proprietor, you should think  
3 about, you know, incorporating your business. You know,  
4 it gets you more, more tax leverage. You know, you --

5 DENISE MIRANDA: Yeah.

6 JD: -- get a little bit, you get tax  
7 breaks and everything else, and plus it's, if you do  
8 like a limited liability, then it lowers your liability  
9 for, you know, if something were to happen to the  
10 company or, you know, for instance something like this  
11 were to happen. Now, the only difference is is if you  
12 were to incorporate your business and you were to bring  
13 on, you know, employees, instead of just being a sole  
14 proprietor, then instead of paying them, you know, cash  
15 and 1099ing them, which I'm not sure if you know what  
16 that means, but --

17 DENISE MIRANDA: Yeah, I know.

18 JD: Okay. Instead of 1099, you would W  
19 -- you would give them a W-2 and actually have  
20 withholdings and you'd pay quarterly taxes, but the  
21 amount of taxes that you'd pay out for your business is  
22 minimal compared to what you're paying right now.

23 DENISE MIRANDA: Yeah.

24 JD: So that's just something to think  
25 about in the future too. But that, you should

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30

1 definitely, you know, for the, for the future and for  
2 2009 you should find, you know, somebody local that's,  
3 you know, not too -- because there's some, there's some  
4 CPAs out there that will rip your head off. You know,  
5 they're, they're big corporate CPAs, and they're used to  
6 dealing with bigger agencies, and quite honestly, their  
7 time is extremely expensive.

8 DENISE MIRANDA: Yeah.

9 JD: So you just find somebody that's  
10 local, that's not necessarily small time, but you don't  
11 want to them to be big time either, to help prepare your  
12 taxes for you. That way you don't find yourself in  
13 this --

14 DENISE MIRANDA: Okay.

15 JD: -- position later.

16 DENISE MIRANDA: Okay.

17 JD: Okay?

18 DENISE MIRANDA: All right. Okay. So  
19 going through this, do I have to do anything more? Like  
20 do I have to contact the IRS and send them. --

21 JD: Not at --

22 DENISE MIRANDA: -- any more?

23 JD: Not at all, not at all. We, we want  
24 to, we want you to have as little contact with the IRS  
25 as possible. In fact, from now on, when they contact

31

1 you, all you have to tell them is I've hired Taxmasters  
2 as my representation, my audit appeal. If you have any  
3 questions, please call them. You hang up the phone and  
4 close the door. That's it.

5 DENISE MIRANDA: Okay.

6 JD: You don't have to say anything else.  
7 Your part in the process, all we'll need from you, when  
8 we go into your audit, there's going to, any time  
9 there's an audit, we're going to have lots of questions  
10 for you.

11 DENISE MIRANDA: Yeah.

12 JD: We're going to kind of give you a  
13 mini audit so that we can figure out what needs to  
14 happen.

15 DENISE MIRANDA: Okay.

16 JD: You know, just, just some, not  
17 necessarily generic questions. Our questions are going  
18 to be more specific, because they're obviously prudent  
19 to your case.

20 DENISE MIRANDA: Yes.

21 JD: And then if there's any receipts or  
22 anything that we're going to need to, you know, validate  
23 any of your deductions or any of your claims, then, you  
24 know, we'll have you generate those for us. You can  
25 either, you know, fax them, e-mail them, mail, you know,

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1 whatever, hand deliver them, doesn't matter.

2 DENISE MIRANDA: Okay.

3 JD: Okay? So that we can get this taken  
4 care of for you.

5 DENISE MIRANDA: All right.

6 JD: All right? So we, we try to, we try  
7 to have as little -- What's a, a what's a good way to  
8 explain this? We try to have as, as little  
9 responsibility on our clients' hands as possible. You  
10 guys are busy with your own businesses and your own  
11 lives. This is what we do for a living. So, you know,  
12 why not take all the responsibility off your shoulders?  
13 Our ultimate goal in the process is to, you know,  
14 relieve you of the burden, put it on our shoulders, get  
15 everything solved for you so that, you know, everything  
16 is back to normal.

17 DENISE MIRANDA: Okay.

18 JD: This is a pretty chaotic time, you  
19 know --

20 DENISE MIRANDA: Yeah. It's, you know --

21 JD: (Inaudible)

22 DENISE MIRANDA: It was so much, and I,  
23 you know, I couldn't even make that -- Those three years  
24 combined, I probably made like a total of 3,000, you  
25 know. It's like --

33

1 JD: Uh-huh.

2 DENISE MIRANDA: -- you know, why are you  
3 guys picking on me?

4 JD: Right.

5 DENISE MIRANDA: So, but and then, and  
6 then to hear that they can take all of my savings, my  
7 life savings; you know, it's kind of --

8 JD: Absolutely. See, what they're doing  
9 there is, is it's scare tactics.

10 DENISE MIRANDA: Yeah.

11 JD: They, they, they do have the power  
12 to take a lot of stuff from you. You know, they can  
13 take up to 90 percent of your income. They can take,  
14 you know, bank accounts, you know, 401Ks, IRAs CDs, any  
15 kind of investments that you have that's liquid, they  
16 can, they can get their hands on it and take it, and  
17 with very little to no warning at all. So obviously,  
18 they don't want to tell you, we're going to take \$10,000  
19 from you next month out of your account. They're not  
20 going to give you a heads up. Usually what happens is  
21 is they send you letters in the mail, the notice of  
22 intent to levy, and then about three or four days later  
23 you get a notice from your bank the IRS has seized your  
24 funds.

25 DENISE MIRANDA: Okay.

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1 JD: So they usually always happen on the  
2 same day, so you don't get an opportunity to counteract.  
3 It's just from this point on, you're reactive instead of  
4 being proactive.

5 DENISE MIRANDA: Yeah.

6 JD: So and that's what's important is  
7 keeping the -- keeping control, keeping the ball in your  
8 court, and keeping everything on your terms, and that's  
9 what we, that's what we bring to the table, and that's  
10 what we enforce is to make sure everything stays in your  
11 power, in your hands.

12 DENISE MIRANDA: Okay.

13 JD: Okay?

14 DENISE MIRANDA: All right.

15 JD: All right. So let's, let's talk a  
16 little bit about the funds. You said you wanted to do  
17 \$1,500 down, and then we can split up the rest of it  
18 over the course of the next two months. Okay. I didn't  
19 catch your last name, though.

20 DENISE MIRANDA: It's Miranda,  
21 M-I-R-A-N-D-A.

22 JD: Okay. All right. And you got a  
23 mailing address?

24 DENISE MIRANDA: I do. It's [REDACTED]

25 JD: Okay.

35

1 DENISE MIRANDA: And that's on [REDACTED]

2 [REDACTED]

3 JD: Okay. And what's --

4 DENISE MIRANDA: [REDACTED]

5 yeah, [REDACTED]

6 JD: Okay.

7 DENISE MIRANDA: And [REDACTED]

8 JD: [REDACTED]

9 DENISE MIRANDA: And that's Long Beach,  
10 California.

11 JD: Oooh, LBC.

12 DENISE MIRANDA: Yup.

13 JD: All right.

14 DENISE MIRANDA: And the zip code there  
15 is 90803.

16 JD: All right. Let's see here. Okay.  
17 Let's see here.

18 DENISE MIRANDA: So then all the bank  
19 statements that I just ordered, do I even need to do  
20 that still?

21 JD: Yeah. Yeah, because there's a good  
22 chance we're probably going to need it too.

23 DENISE MIRANDA: Okay.

24 JD: So absolutely, yeah, go ahead and  
25 follow through with that.

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36

1 DENISE MIRANDA: Okay.

2 JD: You know, information, at this.  
3 point, is, is knowledge -- you know, knowledge is power.

4 DENISE MIRANDA: Got it.

5 JD: So, you know, anything we can have  
6 and use, the better.

7 DENISE MIRANDA: Okay.

8 JD: Let's see here. Now, let's do this.  
9 I'm filling in some of these fields. What's your date  
10 of birth?

11 DENISE MIRANDA: [REDACTED]

12 JD: Okay. Is your, is your husband  
13 involved in any of this at all? Is his name on any of  
14 this or is this just solely on you?

15 DENISE MIRANDA: It's solely on me.

16 JD: Okay. Okay. Well, that's, that's  
17 good. That's good.

18 DENISE MIRANDA: Yeah. He's only my --  
19 We haven't gotten married yet, so --

20 JD: Oh, okay. Okay. Cool. You-all  
21 have a debt -- You-all have a date set?

22 DENISE MIRANDA: It was supposed to be  
23 this year in July, but with everything going on.

24 JD: Yeah. Actually, believe it or not,  
25 my, my fiancé and I, we're tying the knot in two weeks.

37

1 so we're --

2 DENISE MIRANDA: Oh --

3 JD: -- pretty excited about it.

4 DENISE MIRANDA: -- congratulations.

5 That's great news.

6 JD: Yeah, yeah, June 28th, so we're,  
7 we're extremely pumped.

8 DENISE MIRANDA: Perfect month, perfect  
8 date right there.

10 JD: Oh, yeah.

11 DENISE MIRANDA: Picked a good one.

12 JD: Yeah. And you know, it's, it's  
13 been great because we've, we've been planning this; you  
14 know, for years, it seems like, you know.

15 DENISE MIRANDA: Yeah.

16 JD: And we set one date and then that  
17 date, you know, it was getting --

18 DENISE MIRANDA: That's --

19 JD: -- closer to that date and we just  
20 weren't ready --

21 DENISE MIRANDA: Yeah.

22 JD: -- and then we set it again, and  
23 then we just weren't ready. So now it's, you know,  
24 everything's planned. All we got to do is show up.

25 DENISE MIRANDA: Yeah. Yeah, that's, I

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38

1 think that's what's going on with us. So hopefully, you  
2 know, once we get everything out of the way and cleared  
3 up, we, you know, just have a perfect wedding, no, no  
4 hassle, no worries, no stress.

5 JD: Absolutely. Well, at least until  
6 you start planning. I, my, my, my fiancée has been  
7 running around like a chicken with her head cut off --

8 DENISE MIRANDA: Yeah.

9 JD: -- about six months now, getting  
10 everything planned, and you know, she's, she's got this  
11 image in her mind of what she wants it all to be like,  
12 and where she wants and what she wants to wear. You  
13 know, she's been planning her wedding since she was four  
14 so.

15 DENISE MIRANDA: Yeah, see, that's the  
16 opposite of me. I'm making my fiancée do everything  
17 because I, I just don't want to deal with it.

18 JD: Yeah, exactly.

19 DENISE MIRANDA: Yeah.

20 JD: Exactly. All right. Let me get  
21 your social, so I make sure we get the right taxpayer.

22 DENISE MIRANDA: Sure. It's [REDACTED]

23 JD: [REDACTED]

24 DENISE MIRANDA: [REDACTED]

25 JD: [REDACTED]

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39

1 DENISE MIRANDA: [REDACTED]  
2 JD: [REDACTED]  
3 DENISE MIRANDA: [REDACTED]  
4 JD: [REDACTED] Okay. All right. How did you  
5 want to take care of the 15? Did you want to do credit  
6 card, debit cards --  
7 DENISE MIRANDA: Um.  
8 JD: (Inaudible).  
9 DENISE MIRANDA: Yeah. My credit, my  
10 Mastercard.  
11 JD: Okay. That's fine.  
12 DENISE MIRANDA: Okay.  
13 JD: All right. Go ahead.  
14 DENISE MIRANDA: It's [REDACTED]  
15 JD: [REDACTED]  
16 DENISE MIRANDA: [REDACTED]  
17 JD: [REDACTED]  
18 DENISE MIRANDA: [REDACTED]  
19 JD: [REDACTED]  
20 DENISE MIRANDA: [REDACTED]  
21 JD: Okay. And expiration date?  
22 DENISE MIRANDA: [REDACTED]  
23 JD: Okay. Should be a three digit code  
24 on the back of the card.  
25 DENISE MIRANDA: Yeah, [REDACTED]

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1 JD: [REDACTED] All right. Is the billing  
2 address the same as your home address?

3 DENISE MIRANDA: Correct.

4 JD: Okay. Just a second here.

5 DENISE MIRANDA: And is there any way I  
6 can have like a, a receipt?

7 JD: Absolutely.

8 DENISE MIRANDA: Give the details?

9 JD: Absolutely.

10 DENISE MIRANDA: Okay.

11 JD: Absolutely. Actually, believe it or  
12 not, in about 45 minutes to an hour you're going to  
13 have, oopsy, you're going to have all of this. There's  
14 quite a bit of stuff I'm actually going to be sending  
15 you.

16 DENISE MIRANDA: Okay.

17 JD: So let's see here. One of, there's  
18 one of the things I'm going to be sending you is the  
19 engagement agreement, which is basically what we've  
20 talked about, the services that we're going to do for  
21 you.

22 DENISE MIRANDA: Okay.

23 JD: And then the other is going to be  
24 two of the -- Why does it keep doing that? Ah, shoot.  
25 Okay. Hang on just a second. My computer is acting



41

1 goofy on me here.

2 DENISE MIRANDA: Okay.

3 JD: Okay. There we go. The two power  
4 of attorneys that we're going to be sending you, which  
5 it gives us the right to represent you, and the other  
6 one is the gain -- let's us gain access to your, your  
7 master file. And then what comes after that is a, an  
8 engagement agreement guide, which is kind of a list of  
9 things to, to, you know, expect and, you know, it will  
10 answer a lot of, you know, questions that you guys may  
11 have, you know, in the next couple months. What do I  
12 need to do now? What's next? You know, it also  
13 includes some information that we may need from you  
14 guys, so it will, it will help you be prepared for the  
15 future, too, and it gives you some good pointers,  
16 especially if you're a business owner too, so.

17 DENISE MIRANDA: Okay.

18 JD: All right. What I'm going to do now  
19 is I'm going to get you on the line with my assistant.  
20 My spelling is, is worse than my math, so I want to make  
21 sure that I spelled everything right, and then she's  
22 also going to talk to you a little bit more about the  
23 two forms I'm going to be sending you, and she's also  
24 going to tell you what your rights are. So listen up.  
25 This is important info, you know, basically kind of

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42

1 stuff like if the IRS contacts you, just tell them  
2 you're with us, you don't need to talk to them anymore,  
3 you know, you can put them at bay. So let me get her on  
4 the line real quick. Too, one, one question before I  
5 do. What is your e-mail address, so I can send all that  
6 info to you?

7 DENISE MIRANDA: Okay. It's [REDACTED]  
8 that's [REDACTED]

9 JD: Uh-huh.

10 DENISE MIRANDA: [REDACTED]

11 JD: Okay.

12 DENISE MIRANDA: And then [REDACTED]  
13 and that's at [REDACTED]

14 JD: [REDACTED]

15 DENISE MIRANDA: [REDACTED]

16 [REDACTED]

17 JD: Oh, that's what I meant, [REDACTED]

18 [REDACTED]

19 DENISE MIRANDA: Yeah. So the [REDACTED] takes  
20 the place of the [REDACTED]

21 JD: All right. Cool. All right.

22 DENISE MIRANDA: That's at [REDACTED]

23 JD: All right. Fantastic. All right.

24 Give me just a couple seconds. I want to get her on the  
25 line. Okay?

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43

1 DENISE MIRANDA: Okay.

2 JD: Okay. Just a second. Let me track  
3 her down.

4 DENISE MIRANDA: Can I have your name  
5 again?

6 JD: Yeah. It's JD.

7 DENISE MIRANDA: JD, thank you for all  
8 your help.

9 JD: Hey --

10 DENISE MIRANDA: Really appreciate it.

11 JD: Not a problem. That's what I'm here  
12 for.

13 DENISE MIRANDA: All right. Thank you.

14 JD: All right. Miranda, are you  
15 there --

16 DENISE MIRANDA: Yeah.

17 JD: -- or Ms. Miranda?

18 DENISE MIRANDA: Yeah, yeah.

19 JD: All right. You're in luck.

20 Actually, the -- I actually tracked down my supervisor,  
21 so he's going to be taking care of it from here, and if  
22 you have any questions, just feel free to shoot away.  
23 I'm going to stay on the line, and, and he'll be able to  
24 answer all your questions too.

25 DENISE MIRANDA: Okay, perfect.

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1 KEITH: Hi, Denise. This is Keith. I  
2 will be doing the third party verification. I've got  
3 the spelling of your name as D-E-N-I-S-E, last name  
4 M-I-R-A-N-D-A. Is that correct?

5 DENISE MIRANDA: Correct.

6 KEITH: That your contact number is a  
7 mobile phone.

8 DENISE MIRANDA: Yes.

9 KEITH: [REDACTED]

10 DENISE MIRANDA: Actually incorrect.

11 KEITH: Okay.

12 DENISE MIRANDA: Contact, my mobile phone  
13 is area code [REDACTED]

14 KEITH: [REDACTED]

15 DENISE MIRANDA: Correct.

16 KEITH: Got you. And the other,  
17 [REDACTED]

18 DENISE MIRANDA: Correct.

19 KEITH: And what was the other number?

20 DENISE MIRANDA: I have another home  
21 line. It's [REDACTED]

22 KEITH: Okay. And we have a, a mailing  
23 address of [REDACTED]

24 [REDACTED] Long Beach, California, 90803.

25 DENISE MIRANDA: Correct.

45

1 KEITH: I like Long Beach. I've been out  
2 there before a few times.

3 DENISE MIRANDA: Yeah, it's nice.

4 KEITH: And we've got your date of birth  
5 as [REDACTED]

6 DENISE MIRANDA: Yes.

7 KEITH: And your social security number  
8 is [REDACTED]

9 DENISE MIRANDA: Yes...

10 KEITH: Okay. And then total fees for  
11 the service is going to be \$4,500 for an audit appeal,  
12 an audit defense, and we're going to be putting \$1,500  
13 down today on a Mastercard.

14 DENISE MIRANDA: Yeah.

15 KEITH: It's going to leave a balance of  
16 \$3,000, and we're going to do \$1,500 same time next  
17 month and then \$1,500, the remaining balance, a month  
18 later on August the 18th.

19 DENISE MIRANDA: Is there any way to  
20 split that up, or even more, like add one more month, or  
21 does it have to be in three months?

22 KEITH: It's, it's best if it is, but if  
23 you need three months and you're telling me that up  
24 front, then we'll go ahead and do that real quick.

25 DENISE MIRANDA: Yeah. If -- I can pay

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46

1 it, but if I can split it up one more month, that would  
2 work --

3 KEITH: Okay.

4 DENISE MIRANDA: --- a little better. So  
5 I can still put the 1,500 down today, but if I can add  
6 one more month to the rest.

7 KEITH: Sure, absolutely.

8 DENISE MIRANDA: Okay.

9 KEITH: So we could do \$1,000 on July the  
10 18th, thousand dollars on August 18th, and \$1,000 on  
11 September 18th.

12 DENISE MIRANDA: Yes.

13 KEITH: Okay. And then the credit card.  
14 we're going to be using is a [REDACTED] It's  
15 [REDACTED]

16 DENISE MIRANDA: Uh-huh.

17 KEITH: And that's in your name, Denise?

18 DENISE MIRANDA: That's Denise, yeah.

19 KEITH: And the expiration date is, is  
20 December -- is [REDACTED]

21 DENISE MIRANDA: Yes...

22 KEITH: And on the back of the card, the  
23 last three digits are [REDACTED]

24 DENISE MIRANDA: Yes.

25 KEITH: Now, is the billing address on --

47

1 that credit card the same as your home mailing address?

2 DENISE MIRANDA: Yes.

3 KEITH: Okay.

4 DENISE MIRANDA: I think you got the last  
5 four numbers wrong. It's [REDACTED] You said, I think you  
6 said [REDACTED]

7 KEITH: Oh, I might have said the wrong  
8 number.

9 DENISE MIRANDA: Oh.

10 KEITH: But it, it is typed [REDACTED]

11 Thanks --

12 DENISE MIRANDA: Oh.

13 KEITH: -- for catching that.

14 DENISE MIRANDA: Okay.

15 KEITH: I don't normally do this. My,  
16 our assistant does.

17 DENISE MIRANDA: Yeah.

18 KEITH: She might have stepped away for a  
19 minute or two. And e-mail, we have your first name

20 [REDACTED] it looks like no [REDACTED] it's just [REDACTED]

21 DENISE MIRANDA: Right.

22 KEITH: Is that a typo?

23 DENISE MIRANDA: No. That's correct.

24 KEITH: The, at [REDACTED] Okay.

25 DENISE MIRANDA: Yeah.

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1 KEITH: And it's, that's interesting.  
2 Okay. I wanted to congratulate you. You've taken an  
3 important first step in resolving the tax problem,  
4 Miranda, Denise.

5 DENISE MIRANDA: Denise.

6 KEITH: The good news is that your  
7 initial payment today authorizes us to immediately begin  
8 working on your case. Isn't that great news?

9 DENISE MIRANDA: That's perfect news.

10 KEITH: Okay. Now, do you have any  
11 questions about the services you purchased today?

12 DENISE MIRANDA: I just, I just want to  
13 make sure everything is legit and I'm not just throwing  
14 my money on someone who, you know, I don't know.

15 KEITH: I understand.

16 DENISE MIRANDA: I'm still nervous, you  
17 know, about the whole situation, because I mean this  
18 whole tax audit came out of the blue and just kind of,  
19 you know, it took me by surprise and, you know, I've  
20 never tried to deal with anything like this before.

21 KEITH: Yeah. It's, it's important that  
22 you get great representation on this. Our, our audit  
23 defense team is just phenomenal. Mr. Clyde Miller and  
24 his team, we've, we've been fighting the IRS for about  
25 20 years now. He's won every single case he's ever

49

1 done. Here at Taxmasters we do about 25 cases every  
2 month, which is most -- which is more than most firms do  
3 in an entire lifetime, so --

4 DENISE MIRANDA: Yeah, that's what JD was  
5 telling me.

6 KEITH: Yeah. We're phenomenal at it.  
7 It's our strongest, strongest --

8 DENISE MIRANDA: I'm really worried. I,  
9 I don't -- I told JD, it's kind of personal, but I --  
10 it's taken me so long to get pregnant, I, you know, I  
11 finally am now, and I'm very high risk, and I'm trying  
12 my best not to stress out, so I just want to make sure  
13 everything is going to be smooth for me, and I, I don't  
14 want to lose the baby, you know.

15 KEITH: Oh, congratulations. Yeah,  
16 that's right.

17 DENISE MIRANDA: (Inaudible).

18 KEITH: That's awesome. I have three  
19 children myself. Yeah, it's --

20 DENISE MIRANDA: Yeah.

21 KEITH: Yeah. It's something that's  
22 important to know that, that you can get through to us  
23 any time you need us, and contact JD or myself, and we  
24 have a direct line to our customer service, as well. We  
25 also call outbound every month or so, and, and in audit

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50

1 cases it's a little more often, so I hope you don't  
2 think we're too pesty, but --

3 DENISE MIRANDA: Oh, no;

4 KEITH: -- we like to make sure that  
5 you're up to date on everything.

6 DENISE MIRANDA: Okay. Perfect.

7 KEITH: And so any idea if it's a boy or  
8 girl yet?

9 DENISE MIRANDA: It's a boy.

10 KEITH: Oh.

11 DENISE MIRANDA: Yeah, yeah, it's a  
12 little boy. He's throwing it all out and everything,  
13 so.

14 KEITH: Oh, wow, fantastic. Do you have  
15 a due date yet?

16 DENISE MIRANDA: Halloween.

17 KEITH: Halloween.

18 DENISE MIRANDA: Halloween, yeah.

19 KEITH: That's fantastic.

20 DENISE MIRANDA: Yeah.

21 KEITH: Wow.

22 DENISE MIRANDA: Yeah. So the doctor --  
23 because I've already broken out in hives, I've had  
24 already two -- about three or four panic attacks, so  
25 they're about to put me on disability, and then the tax

51

1 audit came and I was like, oh, gosh, I, I don't know if  
2 I can do it, so, you know, I'm just, I, I think this is  
3 the best bet for me --

4 KEITH: Yes --

5 DENISE MIRANDA: -- help me out.

6 KEITH: -- it is, absolutely.

7 DENISE MIRANDA: Because IRS doesn't care  
8 what I'm going through right now.

9 KEITH: No. You could be on a terminal  
10 death bed and they wouldn't care, unfortunately.

11 DENISE MIRANDA: Yeah, yeah.

12 KEITH: They just -- yeah, they're pretty  
13 bad.

14 DENISE MIRANDA: Yeah.

15 KEITH: Well, I want to read this real  
16 quickly to you here. Wanted to welcome you aboard  
17 again, Denise, and you'll be -- You may continue to  
18 receive letters from the IRS. Now, two of the documents  
19 we need you to sign are official notices to the IRS that  
20 we represent you, so please sign and return those  
21 immediately. Okay?

22 DENISE MIRANDA: Okay.

23 KEITH: And now the IRS is not supposed  
24 to contact you by phone or by person, they're not  
25 supposed to visit you at work or at home after they

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1 receive these notices. However, some rogue IRS  
2 representatives may choose to ignore the law and contact  
3 you anyway. This is unethical, but it does happen. So  
4 please make sure you instruct the IRS representative to  
5 contact Taxmasters immediately. Terminate all  
6 discussions. Don't talk to them. After you tell them  
7 that you've retained Taxmasters to represent you, you  
8 can hang up the phone or you can close the door. Okay?

9 DENISE MIRANDA: Okay.

10 KEITH: Now, make sure you send any IRS  
11 notices you receive, in case the IRS forgets to send us  
12 a copy. This information might be vital in carrying out  
13 the services you've purchased. Okay?

14 DENISE MIRANDA: Okay.

15 KEITH: Now, do you have any other  
16 questions for me now about your engagement agreement  
17 with Taxmasters or anything about the services you  
18 purchased today?

19 DENISE MIRANDA: No, no. I think I'm  
20 good.

21 KEITH: Okay. Well, we'll be getting  
22 these documentations drawn up for you in our department,  
23 legal department, and get them out to you via e-mail.  
24 Okay?

25 DENISE MIRANDA: Okay. Is there anything

53

1 more that I need to do on my end?

2 KEITH: No. Just get the documents  
3 signed and get them back to us as soon as you can.

4 DENISE MIRANDA: I sure will. Okay.

5 KEITH: All right. Well, let me get you  
6 back in contact with JD.

7 DENISE MIRANDA: Okay.

8 KEITH: Here he is.

9 DENISE MIRANDA: Thank you, Keith.

10 KEITH: You're welcome.

11 JD: Denise, you there?

12 DENISE MIRANDA: Yes, I am.

13 JD: Okay. What needs to happen now, I'm  
14 just going to get all these documents drawn up. It's  
15 going to take me about 30 or 45 minutes. You should  
16 have them all to your e-mail within an hour.

17 DENISE MIRANDA: Uh-huh.

18 JD: Okay? If you haven't got them  
19 within an hour, give it another hour, and check your  
20 spam box, because sometimes with Yahoo, they send them  
21 directly to spam, not sure why. And then if you still  
22 don't have it, you can give me a call. I'll be here for  
23 another couple more hours.

24 DENISE MIRANDA: Okay.

25 JD: So feel free to give me a buzz, and

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1 we'll, we'll figure out an alternative way to get you  
2 the documents.

3 DENISE MIRANDA: Okay. Is there any  
4 documents that I need to send right now?

5 JD: Yeah. I'll tell you what, why don't  
6 you, when you send all that back, why don't you send  
7 anything the IRS has given you, any of the notices, you  
8 know, if you want to scan them and send them back or fax  
9 them back. All of my contact information is on the  
10 documents. Okay? My, my direct line, my fax number, my  
11 e-mail address, you'll have my e-mail address because  
12 I'll be sending it to you through e-mail, my assistant's  
13 e-mail address, and I'll send my supervisor, his contact  
14 number, which is who you just spoke with. So if you  
15 need any, any information, you, you all, you can contact  
16 any one of us. We'll be able, we'll all be able to help  
17 you out.

18 DENISE MIRANDA: Okay. Perfect.

19 JD: Okay?

20 DENISE MIRANDA: Okay. So any documents  
21 I need to send back, I can send back via fax or --

22 JD: Yes, ma'am. That's usually, that's  
23 usually how we -- That's usually how I recommend it,  
24 just simply because electronically things work great,  
25 but sometimes, you know, e-mails just don't make it or



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1 they don't get through like they're supposed to, but  
2 faxes are, faxes work like nobody's business. We always  
3 get those --

4 DENISE MIRANDA: Okay.

5 JD: -- so --

6 DENISE MIRANDA: All right. Perfect.

7 JD: All right?

8 DENISE MIRANDA: Okay.

9 JD: All righty.

10 DENISE MIRANDA: So I'll wait another  
11 hour. Otherwise I'll call the 800 number again?

12 JD: Yeah, and with my extension, which  
13 is --

14 DENISE MIRANDA: Okay.

15 JD: In fact, I'll tell you what, write  
16 this down. This is my number and -- my direct number  
17 and my extension.

18 DENISE MIRANDA: Okay.

19 JD: It's 1-888 --

20 DENISE MIRANDA: Uh-huh.

21 JD: 497.

22 DENISE MIRANDA: Okay.

23 JD: 5937.

24 DENISE MIRANDA: All right.

25 JD: And my extension is 3420.

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56

1 DENISE MIRANDA: Okay. So that's JD  
2 1(888) 497-5937.

3 JD: Uh-huh.

4 DENISE MIRANDA: Extension 3420.

5 JD: Yeah. Whenever you dial that  
6 number, there's going to be a lady start shooting.  
7 She's going to start talking. It's a automated voice.

8 DENISE MIRANDA: Yeah.

9 JD: Soon as you hear her start talking,  
10 you just punch in 3420.

11 DENISE MIRANDA: Okay.

12 JD: It will ring my phone directly.

13 DENISE MIRANDA: Okay. Perfect.

14 JD: Okay?

15 DENISE MIRANDA: Okay. Thank you so  
16 much, JD. I appreciate it.

17 JD: You're welcome, Denise.

18 DENISE MIRANDA: Okay. Have a good day.

19 JD: You too.

20 DENISE MIRANDA: Uh-huh. Bye.

21

22

23

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1 I, Jane Demars, Certified Shorthand  
2 Reporter for the State of Texas, certify that the  
3 foregoing is a correct transcription from the audiotaped  
4 recordings in the above-entitled matter.

5 I further certify that I am neither  
6 counsel for, related to, nor employed by any of the  
7 parties to the action in which this transcript was  
8 prepared, and further, that I am not financially or  
9 otherwise interested in the outcome of the action.

10 Certified to by me this 16th day of  
11 April, 2010.

*Jane Demars*  
Jane E. Demars, Texas CSR No. 2789  
Expiration Date: 12-31-11  
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Job No. 85288

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Houston Austin Corpus Christi Dallas/Fort Worth East Texas San Antonio Bryan/Collage Station

# EXHIBIT C

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STATE OF NORTH CAROLINA

COUNTY OF LINCOLN

AFFIDAVIT

BEFORE ME, the undersigned notary public, on this day personally appeared Curtis J. Smith, Jr., who proved himself to be the person whose name is subscribed hereon through his driver's license which contained his photograph and signature, and who after being by me duly sworn, upon his oath deposed and said:

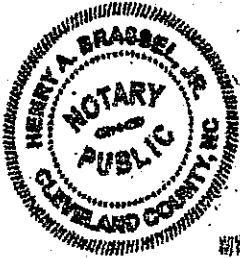
My name is Curtis J. Smith, Jr. The following is true and accurate to the best of my recollection:

A salesperson at Taxmasters, A Octavio, @ called me on August 28, 2009. Octavio told me that Taxmasters would not charge me for our conversation. Octavio transferred me to another Taxmasters employee, who performed the A third party verification @ and obtain my payment information. At no time during the call with Octavio, nor during the third party verification, was I told that the fees were non-refundable. Taxmasters also did not tell me that it would not begin working on my tax issue until I had paid its entire fee. After the call, Taxmasters removed the initial payment from my account, and then sent me the Taxmasters contract and some Powers of Attorney by email. I reviewed the contract, and did not like the terms. I did not sign and return the contract or the Powers of Attorney to Taxmasters. I called to cancel on August 31, 2009, which was the next business day after August 28, 2009. I spoke with Octavio, who transferred me to a voice mail box in the refunds division. I left a message, but no one at Taxmasters returned my call. I called again on September 1, 2009, and spoke again with Octavio. Octavio told me that he would send an email to the refund division on my behalf, and connected me again to the refund division. I left another message. No one from Taxmasters returned my call. I called the refund/billing division directly that afternoon, and again left a message. No one at Taxmasters returned my call. After this, I contacted my bank for assistance. I subsequently received a letter from E. Dewayne Logan, the VP of Quality Assurance at Taxmasters, dated October 26, 2009. A true and correct copy of that letter is attached to this affidavit. In that letter, Taxmasters refused to give me a refund of the \$800.00 it had taken from me, and threatened to subject me to collection procedures if I did not pay it an additional \$7,150.00. Taxmasters claimed that the A third party verification @ during the A free @ call on August 28, 2009 states that all fees are non-refundable. I have made attempts to obtain a refund of \$800.00 that was charged to my credit card. I was never informed that all fees were non-refundable. I never signed a contract. I never signed a power of attorney. I was informed twice that the consultation fee was free. I was unable to talk to anyone about my refund. @

A Further affiant sayeth not. @

  
Charles J. Smith, Jr.

SUBSCRIBED AND SWORN TO before me on the 23 day of April, 2010.



  
Notary Public in and for the State of North Carolina

Henry A. Brasel, Jr.

MY COMMISSION EXPIRES

5/6/14